TKH Group the solution provider

Press Release

TKH Group N.V. (TKH)
Annual Figures for 2007

TKH Group's operating result up 18%
Acquisitions strengthen TKH's strategic position

- **Increase in turnover with 22.2% to € 837.8 million, organic growth accounting for 11%.**
- **Operating result improves by 18.4% to € 63.4 million.**
- **Net profit up 27.5% to € 45.1 million.**
- **Strong fourth quarter where by the Machinery Group's margins returned to normal.**
- **Again innovations account for substantial part of turnover: 25.2%.**
- **TKH innovations and the outsourcing trend in the industrial sector represent a significant engine for organic turnover growth.**
- **Strong year in terms of acquisitions with eight takeovers strengthening TKH's strategic position.**

- **Proposed dividend of € 0.66 per (depositary receipt of) ordinary share.**

Outlook
- **TKH expects further growth of turnover and profit in 2008.**
- **Transition to reporting based on solutions segmentation as of 2008.**

Key figures

(in millions of € unless otherwise stated)	2007	2006	Change (%)
Turnover	837.8	685.5	+ 22.2
Operating result (EBIT)	63.4	53.6	+ 18.4
Net profit	45.1	35.4	+ 27.5
Net earnings per ordinary share (in €)	1.31	1.06	+ 23.6
Solvency	40.4%	47.5%	
ROS ROCE[1]	7.6% 15.5%	7.8% 17.1%	
Proposed dividend (in €)	0.66	0.53	+ 24.5

Key figures fourth quarter

(in millions of € unless otherwise stated)	Q4 2007	Q4 2006	Change (%)
Turnover	244.1	198.0	+ 23.3
Operating result (EBIT)	22.8	18.3	+ 25.1
Net profit	18.9	13.0	+ 45.5
ROS	9.4%	9.2%	

1 When the acquisitions are included on a full year basis, ROCE would amount to 16.5%.

Alexander van der Lof, CEO of TKH: *“TKH is developing as a technology company in segments offering significant potential for growth. In this respect our focus on total solutions is capitalising on the trend towards outsourcing and the need for efficiency solutions. In the past year this has translated into strong organic growth in excess of market growth. This strategy holds the prospect of enabling us to achieve growth also in more difficult market conditions. The innovative products which we have introduced are a significant engine for growth in the years ahead. Thanks to the businesses which we acquired in 2007 our technological component as well as our geographical position in Europe have been strengthened considerably.”*

Financial developments

Turnover amounted to € 837.8 million in 2007 (2006: € 685.5 million), an increase of 22.2% compared with 2006. Our acquisitions during 2007 have made a major contribution to this increase in turnover. Organic growth accounted for 11.0%.

Added value rose by € 45.1 million or 17.1% to € 309.5 million. Expressed as a percentage of turnover, added value declined to 36.9% (2006: 38.6%) due to an increase in the proportion of work that was outsourced compared to own production.

Operating profit increased by € 9.8 million to € 63.4 million, an increase of 18.4%. Expressed as a percentage of turnover (ROS), the Cable and Technical Trading Groups’ operating result rose thanks to improved efficiency and a focus on solutions. In the Machinery Group ROS declined as a result of the considerable costs involved in the large proportion of innovations and prototyping. As a result, overall ROS declined to 7.6% (2006: 7.8%).

Net financial expenditure rose by € 2.5 million to € 6.2 million (2006: € 3.7 million) as a result of the acquisitions and the increase in working capital due to the expansion of operations. The company’s tax burden dropped to 21.7% (2006: 29.3%). This was due on the one hand to a lower tax rate in the Netherlands and on the other hand to the settlement of tax returns dating from previous years. Adjusted to reflect normal conditions, the company’s tax burden would have been 28.0%.

Net profit rose by 27.5% to € 45.1 million in 2007 (2006: € 35.4 million). As a result ordinary earnings per share amounted to € 1.31, an increase of 23.6% (2006: € 1.06).

During the year under review the company’s balance sheet total rose by € 193.3 million as a result of acquisitions (€ 166.7 million), investments in non-current assets and also an organic increase in net working capital. Expressed as a percentage of turnover, working capital edged up slightly from 20.7% to 20.9% partly because the acquisitions did not yet contribute to turnover throughout the year. Adjusted to reflect this, working capital would amount to 18.6% of turnover.

Net cash flow from operating activities rose to € 36.5 million compared with € 18.6 million in 2006.

At the end of 2007 the company's net bank debts totalled € 163.7 million. This was € 95.6 million more than at the end of 2006 largely as a result of the acquisitions which occurred in 2007 and the increase in working capital.
During the year under review committed credit facilities up to € 100 million were arranged with a five year duration. In total TKH has committed facilities amounting to € 125 million and uncommitted facilities of € 225 million.

The company's solvency rate fell from 47.5% to 40.4%.

The number of staff (FTEs) amounted to 3,577 at year-end 2007 (2006: 2,961). Of which 362 FTEs came with acquisitions.

Progress in achieving targets and implementing strategy

Significant progress has again been made with regard to the development of the TKH group. TKH is well on its way achieving the goals for 2009 as set out in March 2007: ROS of 8% to 9% and ROCE of 18% to 20%. Thanks to the steps that were taken as part of its strategic development the TKH group is confident that it will achieve these targets. In 2007 ROS and ROCE amounted to 7.6% and 15.5% respectively. Both ROS and ROCE were affected by one-off issues in 2007. ROCE was affected by the fact that the results achieved by the businesses that have been acquired were only consolidated for part of the year (1.0%).

The completion of eight acquisitions in 2007 – USE (75%), NET (84%), Transmea (80%), CAE Group (100%), Observision (49%), KLAN (100%), SecurityWorks (80%) and Pantaflex (92%) – has strengthened the technology component within the TKH group and has accelerated the geographical spread of its turnover. These acquisitions tie in well with TKH's strategy to offer total solutions and hold prospects for the achievement of a healthy increase in turnover and result.

A great deal of attention was devoted to transformation of TKH. As a result, the decision to express the focus on solutions by a transition to reporting entirely based on the solutions segmentation as of 2008, has been implemented a year ahead of the original schedule. As such, we have taken final leave of our former breakdown into groups. We anticipate that TKH is more transparent as a result and that it is clearer as to where the focus of its strategy lies.

Solutions segmentation

Industrial solutions

The Industrial Solutions segment has grown more rapidly than the other segments. As a result the proportion of overall turnover rose to 53.0% (2006: 50.4%). The growing trend towards outsourcing in the industry results in a boost of size and potential of market for this segment. By anticipating on this demand for outsourcing, TKH's portfolio of products and services expands, resulting in a broader array and a higher turnover per contract as a result. This allowed TKH to grow more rapidly than the market in 2007.

This trend has been particularly strong in the tyre manufacturing industry, the medical sector and the robot industry. The miniaturisation of cable solutions and the potential for innovation play a major role in these segments.

The high priority within the European industry towards efficiency and productivity improvement constitutes also an important factor for the growth achieved within the Industrial Solutions segment. The innovative concepts of the TKH group in the form of plug and play cable systems closely addresses the growing demand for complete modules within the industrial sector. The further development of high-end operating systems within TKH also constituted a good response to these trends. Apart from this, the acquisitions also contributed to the increase of the Industrial Solutions share.

Investments were at a high level in the tyre manufacturing industry. Considerable pressure on further outsourcing by the tyre manufacturing industry has challenged TKH to address specific requirements in relation to new tyre manufacturing technology within an extremely short period of time. TKH has seized on this momentum to develop new technology for a large number of customers and to supply systems ready for production. Our customers greatly appreciate these exceptional efforts and this performance. This translated into a large number of orders as of the third quarter.

Building Solutions

The proportion of total turnover accounted for by the Building Solutions segment edged up to 30.8% (2006: 29.7%). The increase in turnover within the Building Solutions segment was partly due to acquisitions. The proportion of solutions provided at an early stage of the product life cycle increased further in 2007. Many new solutions were developed and introduced especially for the security and elderly care markets. A new dimension for growth has arisen with the addition of highly advanced security concepts to the TKH portfolio thanks to our shareholdings in Observision, KLAN, NET and SecurityWorks. TKH is striving to boost the proportion of security solutions from 5% of overall turnover to at least 20% in the next three to five years. There is a great deal of interest in the elderly care market for new alarm systems, video communication and domotics, for which various pilot projects have been launched.

The construction and installation market expanded by more than 5%. Because order portfolios in the construction and installation sectors are well-filled for the longer term, the market did not weaken in the second half of the year. The high capacity utilisation rate within the cable industry made it possible to improve prices in a number of markets. Demand again increased sharply in the power cable market in the Netherlands, which is TKH's most important market for these products. A number of energy companies made an effort to catch up in terms of upgrading and expanding the capacity of their networks. It was possible to increase margins due to the scarcity of power cables within Europe.

Telecom Solutions

Due to the rapid growth of the Industrial and Building Solutions activities the proportion of the Telecom Solutions segment in TKH's overall turnover fell to 16.2% (2006: 19.9%). Most network operators postponed the upgrading of their copper telecommunications networks, on the one hand due to uncertainty as to whether the suppliers of active components would be able to implement the relevant technical specifications and, on the other hand, because of new views regarding accelerated investments in fibre-optic infrastructure as an alternative to upgrading their copper networks. They also adopted a wait-and-see approach, because proceedings in the EU concerning the opening-up of networks to competitors are still ongoing. However, the rapid growth in the demand for bandwidth allows little scope for any further postponement.

The global market for fibre networks expanded by 13%. Europe, the most important market for TKH in this segment, grew in line with increased demand throughout the world. Consequently, many new projects were again launched for investments in fibre networks in Europe, especially on the part of new players wishing to gain a position in the communications infrastructure. New services which require considerable bandwidth, such as IPTV, video on demand and care-related solutions are boosting the demand for fixed connections. In TKH's case this was expressed in the form of an increase in orders received for Ocilion IPTV solutions in the fourth quarter. In addition several large 'Fibre To The Home' projects were secured in Europe.

Developments by group

As of 2008 TKH will focus its business segmentation on solutions instead of on the three groups mentioned hereafter. As a result, from 2008 there will no longer be financial reporting based on the segmentation below.

Technical Trading Group

The Technical Trading Group's turnover rose by 25.7% to € 301.1 million in 2007 (2006: € 239.6 million). Acquisitions (Funea, Schneider, CAE, NET, Transmea, KLAN and USE) accounted for 23.0% of this. Organic growth amounted to 2.7%. This organic growth was negatively impacted by a change in the manner in which outsourced sales are accounted for, which had an effect of 2%. In addition, less profitable turnover was abandoned, which had a negative impact of another 2%.

There was an increase in turnover in both the construction and installation sector, and the industrial sector. In particular, the building technology and security systems segments grew within these sectors. Increased investments in new technologies in the telecommunications sector could not make up for the decline in investments in conventional technology. Turnover rose in Germany, France and Poland.

Operating profit rose by 32.8% to € 29.8 million (2006: € 22.4 million). Thanks to an ongoing focus on solutions yielding greater added value there was an increase in gross margins expressed as a percentage of turnover. As a result, operating profit rose more sharply than sales. ROS increased to 9.9% (2006: 9.4%). Innovations accounted for 18.5% of turnover.

Cable Group

The turnover of the Cable Group surged by 21.2% to € 397.2 million in 2007 (2006: € 327.7 million). Organic growth of turnover amounted to 15.0%. The acquisition of Schrade, KCI, part of CAE, and Pantaflex accounted for 6.2% of the increase in turnover. The price of copper fell in the fourth quarter, which had a negative effect of about 2% on the turnover growth for the entire year.

Above-average organic growth occurred in Germany, Eastern and Southern Europe, and Asia. In particular, sales of industrial applications did well, especially as a result of using cable systems to capitalise on the trend towards outsourcing in the industrial sector.

Innovations accounted for a proportion of turnover amounting to 24.9%. The Cable Group's high level of innovation served as an important engine driving its growth.

The Cable Group's operating result rose by 30.8% to € 34.2 million (2006: € 26.1 million). A higher capacity utilisation rate, improved efficiency and a relatively large proportion of innovations meant that its operating result increased more rapidly than its turnover. As a result ROS climbed to 8.6% (2006: 8.0%).

The capacity utilisation rate of the plants exceeded 90%. Capacity was expanded predominantly by raising productivity. In particular, the capacity utilisation rate of specialty cable production was high again. In August 2007 it was decided to establish a new manufacturing plant in Germany in order to expand production capacity for specialty cable further. Production will commence in this new plant in April 2008, which will increase production capacity by more than 30%.

Machinery Group

The Machinery Group saw its sales rise by 19.1% to € 145.9 million (2006: € 122.5 million). The tyre manufacturing systems segment accounted for the bulk of this increase in turnover. The trend towards further outsourcing on the part of the tyre manufacturing industry was responsible for a sharp increase in the orders received for tyre manufacturing systems in the second half of the year.

The Machinery Group's operating profit fell by 41.6% to € 7.4 million (2006: € 12.6 million). This drop was largely due to the large proportion of turnover accounted for by prototypes, which required considerable costs during the start-up stage. Innovations which were launched during the past year accounted for 42% of sales. Although ROS dropped to 5.1% (2006: 10.3%), it was up to about 10% again in the fourth quarter.

Thanks to additional capacity for the production of tyre manufacturing systems and can washers in China being put into service in 2007, it was largely possible to complete the phasing out of capacity in the USA in the fourth quarter. The additional costs which arose from the fact that it was impossible to built up the capacity in the USA that had been originally envisaged, had a negative impact on results in 2007.

It has been decided to proceed with the further integration of the product handling systems with the other operations of the Machinery Group. This will improve cooperation and will allow us to join forces in order to ensure the better utilisation of existing capacity. The product handling operations were relocated to Epe for this purpose in 2007.

Dividend proposal

At the General Meeting of Shareholders to be held on 7 May 2008, TKH will propose a dividend of € 0.66 per (depositary receipt of) share (2006: € 0.53). This represents a pay-out ratio of 50.2%. In order to support the financing of the growth that is envisaged the shareholders will be offered the option of a stock dividend or a cash dividend charged to the reserves. The stock dividend will be determined one day after the end of the option period and will be based on the average share price of the last five trading days of the option period, which will expire on 27 May 2008. The dividend will be made available for payment, either in cash or stock, on 2 June 2008.

Appointment member of Executive Board

Mr J.E. (Jan) Vaandrager, member of the Executive Board and CFO of TKH Group NV, will be retiring at the end of the General Meeting of Shareholders on 7 May 2008, because of reaching retirement age. On the same date the Supervisory Board will appoint Mr E.D.H. (Elling) de Lange to serve as a member of the Executive Board and as TKH's CFO. Mr De Lange is 42 years of age and has been employed by TKH since 1998, his last position being that of chairman of the Cable production group Netherlands-China.

Outlook

The Telecom Solutions segment is well-positioned for the growing level of investments in fibre networks and active network solutions. However, there will be a further reduction of investments in copper networks. On balance it is anticipated that the operations of Telecom Solutions will expand.

The Building Solutions segment focuses predominantly on the utilities market and building environment, where order books are well-filled. In addition, the security, care and domotic segments offer the prospect of a faster growth rate thanks to the developments and demands which are specific to these segments.

The Industrial Solutions segment is well-positioned for further growth thanks to its focus on efficiency solutions. In addition, the trend towards outsourcing in the industry represents an important driver of growth potential of these operations. The lower cost levels in the tyre manufacturing systems segment will boost the ROS of these operations.

In light of the developments outlined above, the TKH group is confident of further growth in turnover and results.

Haaksbergen, 12 March 2008

Executive Board

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Timetable

6 May 2008	Trading update Q1 2008
7 May 2008	2008 Annual General Meeting of Shareholders
29 August 2008	Publication half-year results 2008
20 November 2008	Trading update Q3 2008
28 April 2009	2009 Annual General Meeting of Shareholders

Profile

Technology company, TKH Group NV (TKH) is an internationally operating group of companies specialised in creating and supplying innovative Telecom, Building and Industrial Solutions.

At TKH the solutions play the central role, not the kind of activity. In the business segments Telecom Solutions, Building Solutions and Industrial Solutions, basic technologies in the field of ICT and electro technology from the various business units, often in partnership with suppliers, are consolidated into total solutions.

Specialists in the field of marketing, process development, design, engineering and logistics add consultancy and project implementation to offer a tailor made solution. These locally developed concepts are subsequently offered internationally, in order to optimally capitalize on the expertise and knowledge within TKH.

The Telecom Solutions consist of solutions ranging from basic infrastructure to home networking applications, for both the outdoor and indoor telecom (ICT) -markets.
TKH Telecom Solutions can be divided into three sub segments: Fibre Networks, Copper Networks and Indoor Telecom Systems.

The Building Solutions comprise solutions ranging from efficient electrical engineering to ICT systems for the care sector. Building Solutions can be divided into three sub segments: Building Technologies, Security Systems and Connectivity Systems.

The Industrial Solutions consist of advanced manufacturing systems for the car and truck tyre manufacturing industry and connectivity systems for the medical, robot, automotive and machine building industry.

Continuous focus on research and development provides a product and services portfolio that safeguards technologically advanced solutions. With its group companies, TKH group is active all over the world. Its growth is concentrated on Northwest, Central and Eastern Europe and Asia. In 2007 TKH secured a turnover of € 837.8 million with 3,577 employees.

Consolidated Profit and Loss Account

in thousands of euros

	2007		2006	
Net turnover		**818,469**		653,699
Changes in inventory of finished goods and work in progress		**15,918**		30,379
Other operating income		**3,425**		1,414
Total turnover		**837,812**		685,492
Costs of raw materials, consumables, trade products and subcontracted work	**528,330**		**421,109**	
Personnel expenses	**158,388**		**136,361**	
Depreciation	**14,903**		**9,550**	
Other operating expenses	**72,776**		**64,893**	
Total operating expenses		**774,397**		**631,913**
Operating result		**63,415**		**53,579**
Financial income and expenses		**-6,199**		**-3,747**
Share in result of associates		**419**		**174**
Result before tax		**57,635**		**50,006**
Tax on profit		**12,529**		**14,640**
Net result		**45,106**		**35,366**
Attributable to:				
Shareholders of the company		**44,918**		**35,173**
Minority interest		**188**		**193**
		45,106		**35,366**
Earnings per share				
Weighted average number of shares (x 1,000)		**34,185**		33,239
Weighted average number of shares for the purpose of diluted earnings per share (x 1,000)		**34,606**		33,937
Ordinary earnings per share (€)		**1.31**		1.06
Diluted earnings per share (€)		**1.30**		1.04

Consolidated balance sheet
in thousands of euros

	2007		2006	
Assets				
Non-current assets				
Intangible non-current assets	**147,110**		44,040	
Tangible non-current assets	**142,473**		121,838	
Investment property	**2,549**		2,509	
Financial non-current assets	**3,517**		2,850	
Deferred tax assets	**4,853**		4,384	
Total non-current assets		**300,502**		176,621
Current assets				
Inventories	**144,759**		119,750	
Receivables	**202,464**		155,921	
Cash and cash equivalents	**9,653**		9,970	
Total current assets		**356,876**		285,641
Assets held for sale		**1,240**		3,025
Total assets		**658,618**		465,287
Equity and liabilities				
Group equity				
Equity	**264,648**		220,584	
Minority interest	**1,205**		642	
Total group equity		**265,853**		221,226
Long-term liabilities				
Long-term liabilities	**86,306**		26,031	
Deferred tax liabilities	**28,820**		18,335	
Provision for pensions	**13,144**		12,208	
Other provisions	**4,457**		720	
Total long-term liabilities		**132,727**		57,294
Current liabilities				
Borrowings	**87,864**		53,108	
Trade and other payables	**148,222**		118,194	
Current tax liabilities	**5,629**		9,288	
Provisions	**18,323**		6,177	
Total short-term liabilities		**260,038**		186,767
Total liabilities		**658,618**		465,287

Consolidated cash flow statement

in thousands of euros

	2007	2006
Cash flow from operating activities		
Operating result	**63,415**	53,579
Depreciation	**14,962**	11,477
(Gain)/loss on sale or disposal of tangible assets	**-59**	-1,927
Changes in provisions	**-2,453**	-3,512
Changes in working capital	**-20,543**	-19,544
Cash flow from operations	**55,322**	40,073
Interest (paid)/received	**-5,867**	-3,727
Income tax (paid)/received	**-12,962**	-17,796
Net cash flow from operating activities (A)	**36,493**	18,550
Cash flow from investing activities		
Dividends received from non-consolidated associates	**369**	174
Purchases of tangible non-current assets	**-29,396**	-18,007
Disposals of tangible non-current assets	**629**	1,471
Disposals less purchases of investment property	**217**	5,011
Disposals of assets held for sale	**3,025**	0
Acquisition of subsidiaries	**-97,353**	-20,323
Acquisition of associates	**-2,026**	-276
Acquisition of intangible non-current assets	**-4,298**	-3,156
Net cash flow from investing activities (B)	**-128,833**	-35,106
Cash flow from financing activities		
Dividends paid	**-8,406**	-5,245
Issue of new shares	**7,000**	0
Sold less purchased shares for share and option schemes	**-452**	3,639
Share and option schemes	**-1,232**	-1,982
Proceeds from long-term debts	**60,097**	0
Repayment of long-term debts	**0**	-538
Proceeds from borrowings	**34,756**	23,753
Net cash flow from financing activities (C)	**91,763**	19,627
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**-577**	3,071
Exchange differences	**260**	678
Change in cash and cash equivalents	**-317**	3,749
Cash and cash equivalents at 1 January	**9,970**	6,221
Cash and cash equivalents at 31 December	**9,653**	9,970

Consolidated statement of changes in group equity

in thousands of euros

	2007	2006
Balance at 1 January	**221,226**	187,171
Profit for the year	**45,106**	35,366
Change in cash-flow hedges	**1,185**	194
Revaluations	**781**	1,975
Change in tax rates	**42**	790
Exchange differences	**-108**	-1,465
Share and option schemes	**-1,232**	-1,982
Total result	**45,774**	34,878
Dividends	**-8,406**	-5,245
Issue of new shares	**7,000**	0
Sold less purchased shares for share and option schemes	**-452**	3,639
Acquisitions	**711**	783
Balance at 31 December	**265,853**	221,226

Notes to the consolidated financial statements

1. Accounting principles

For the accounting principles of the financial statements of TKH Group N.V. we refer to the annual report of 2006 with the exception of the following changes in the accounting principles and applied reclassifications.

Change in accounting principles

As of 2007, TKH has changed the accounting policy for put options of minority shareholders that have rights to sell their minority interest to TKH. Under the new policy, pursuant to these put options granted to certain minority shareholders, TKH recognises an obligation to buy the minority shares instead of classifying them as minority share in the balance sheet and to disclose the liability as an off balance sheet obligation. The effects of this change of accounting policy are set out below.

	Reported 2006	Restatement	Restated 2006
Balance sheet			
Goodwill	39,531	720	40,251
Equity – legal reserve	2,494	652	3,146
Minority interest	1,294	-652	642
Other provisions	6,177	720	6,897
Net result attributed to:			
Shareholders of the company	35,043	130	35,173
Minority interest	323	-130	193
Earnings per share			
Ordinary earnings per share (in €)	1.05	0.01	1.06
Diluted earnings per share (in €)	1.03	0.01	1.04

Reclassifications

In the balance sheet the following reclassifications have been carried out, for which the comparative figures have been changed:

- Reclassification of deferred tax assets to current tax liabilities regarding liquidation losses that have been settled before 31 December 2006.
- Reclassification of assets held for sale from tangible non-current assets
- Reclassification of provisions to long-term and current liabilities.

The effects of the reclassifications are set out below:

	Reported 2006	Reclassifications	Restated 2006
Deferred tax assets	16,584	-12,200	4,384
Current tax liabilities	21,488	-12,200	9,288
Investment property	5,534	-3.025	2,509
Assets held for sale	0	3,025	3,025
Provisions	36,720	-36,720	0
Long-term liabilities	26,031	30,543	56,574
Current liabilities	192,790	6,177	198,967

2. Segmentation per group

in thousands of euros

	2007			2006		
	2nd half	1st half	total	2nd half	1st half	total
Turnover						
Technical Trading Group	177,404	123,703	**301,107**	125,570	114,044	**239,614**
Cable Group	207,331	189,905	**397,236**	176,917	150,829	**327,746**
Machinery Group	71,810	74,085	**145,895**	66,677	55,856	**122,533**
Intercompany deliveries	-3,513	-2,913	**-6,426**	-2,339	-2,062	**-4,401**
Total turnover	453,032	384,780	**837,812**	366,825	318,667	**685,492**
Operating result						
Technical Trading Group	18,365	11,436	**29,801**	12,713	9,722	**22,435**
Cable Group	19,386	14,774	**34,160**	14,544	11,565	**26,109**
Machinery Group	3,949	3,436	**7,385**	6,697	5,938	**12,635**
Other	-4,030	-3,901	**-7,931**	-3,780	-3,820	**-7,600**
Total operating result	37,670	25,745	**63,415**	30,174	23,405	**53,579**

3. Annual report

The Consolidated profit and loss account, Consolidated balance sheet, Consolidated statement of changes in group equity and Consolidated cash flow statement, as included in this press release, are based on the annual accounts prepared as of 31 December 2007, which have not yet been published in compliance with legal requirements. In accordance with Section 2:395 of the Dutch Civil Code, we report that our auditor, Deloitte Accountants B.V., has issued an unqualified auditor's report on the annual accounts dated March 11, 2008. For the understanding required to make a sound judgement as to the financial position and results of TKH Group N.V. and for a satisfactory understanding of the scope of the audit by Deloitte Accountants B.V., this press release should be read in conjunction with the annual accounts from which this press release has been derived, together with the auditor's report thereon issued by Deloitte Accountants B.V. We expect to be able to publish these documents at the beginning of April 2008. The annual accounts will be submitted to the General Meeting of Shareholders on 7 May 2008 for approval.