



Dawnay, Day Carpathian PLC

("Dawnay, Day Carpathian" or the "Company" or the "Group")

Preliminary results for the twelve months ended 31 December 2007

Highlights:

- The Company is substantially invested, having spent or committed approximately 95% of its funds, leaving the Company ideally placed to be fully invested well ahead of the target investment timetable of 31 December 2008
- Adjusted NAV per share* increased by 8% to 136.7p (2006: 126.7p)
- Proposed final dividend of 3.34 pence per share giving a total dividend of 10p per share (2006: 6p)
- Net rental and related income increased by 91% to £24.3 million (2006: £12.7 million)
- Adjusted profit before tax** increased by 18.5% to £11.5 million (2006: 9.7 million)
- Adjusted earnings per share*** 12p (2006: 26.7p)
- The portfolio has been revalued at £523.1 million (2006: £368.7 million) as at 31 December 2007, a net uplift of £16 million. Net uplift is the difference between the 31 December 2007 DTZ valuations and those at 31 December 2006 or subsequent cost for those properties acquired during the year
- The Group completed a total of eight acquisitions, comprising three retail property portfolios and five retail development sites

*Adjusted NAV excludes goodwill and deferred tax on property valuations.

**Adjusted profit before tax excludes revaluation gains and losses on property, financial assets and liabilities and foreign exchange.

*** Adjusted EPS excludes unrealised deferred tax charge on revaluation surplus

Rupert Cottrell, Chairman of Dawnay, Day Carpathian, said: "This has been a very successful period for the Company. We have now largely completed the acquisition phase of our business plan and as a result we have entered the next phase of working on consolidating the portfolio and progressing our development projects. While the current uncertain market conditions dictate a degree of caution, we believe our portfolio is sufficiently diversified to withstand this and that we are in a good position to improve the overall value of the portfolio thus delivering meaningful value to shareholders. "

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For further information and a copy of the investor presentation please visit the Company's website at www.dawnaydaycarpathian.com

Chairman's Statement

I am pleased to report that the Group has made significant progress during 2007.

In May 2007, the Company successfully raised a further £100 million (before expenses) by means of a placing (the "Placing") of 83,333,334 new ordinary shares at 120p per share. Together with the proceeds raised from the Company's admission to trading on AIM in July 2005, the Company has now raised proceeds of £240 million (before expenses). At the time of the Placing, the Company also sought to participate in development and regeneration projects by investing up to 25 per cent of its equity into retail property development and regeneration projects.

The Group has largely completed its investment programme well ahead of the target timetable of December 2008 set at the time of the Placing. The Group now has a well diversified portfolio of 55 property assets across 7 countries in Central and Eastern Europe. The Company has built a good reputation and track record within its target markets, developing strong relationships with local businesses through its property investment advisor, Dawnay, Day PanTerra.

As the Company has now substantially invested the entire net proceeds of the Placing, the primary focus is on active portfolio and individual asset management, together with development initiatives in order to provide rental and capital growth opportunities.

Operations

During the year, the Group completed a total of eight acquisitions, comprising three retail property portfolios and five retail development sites.

The Marina Mokotow transaction comprises 31 retail units in an upmarket residential development in Warsaw. In October 2007, the Group also acquired a portfolio comprising two properties in Hungary and two in the Czech Republic, which will provide secure, long term income flow, being let to major international brand retailers on long leases. Finally, in December 2007, the Group completed the purchase of six supermarkets in Croatia, the Company's first purchase in that country. The units, in excess of 32,000 sqm, are let to the largest retailer in Croatia.

As at 31 December 2007, the Group had acquired investment properties at a total cost of £429.6 million, with an annualised rent roll in excess of £33.5 million and a blended net initial yield of 7.8%.

During the course of the year, the Group also acquired a pipeline of four development opportunities in Romania, for a total cost of £37.3 million, allowing the Company to establish a strong presence in that country. All of these projects will be undertaken in conjunction with our joint venture, Atrium Developments. Current plans provide for the development of over 150,000 sqm, with an end value in excess of approximately £300 million. Heads of terms have already been agreed with a number of reputable operators and anchor tenants. Construction is expected to span a two to three year period. Further, the Company is also in advanced negotiations with several banks with whom it has established relationships in relation to the arrangement of development financing for the projects.

In addition, the Group has also entered into a forward purchase agreement to act as a development funding partner in exchange for a 55% interest in a prime, city centre retail development in Riga, with a planned opening in the second quarter of 2010. This development has secured 100% of the construction financing required and the leasing discussions are progressing well.

Property Portfolio Summary

Investment portfolio

Country	Location	Property	Purchase Price (£m)	DTZ valuation (£m)
Czech Republic	Karlovy Vary	Varyada Shopping Centre	26.8	38.3
Czech Republic	Czech Republic	MID portfolio : 2 properties (acquired October 2007)	28.8	30.4
Czech Republic Total			55.6	68.7
Hungary	Budaors	Antana Logistic Park	14.2	16.7
Hungary	Hungary	Plaza Portfolio: 4 properties	44.4	58.9
Hungary	Budapest	Ericsson Office Building Complex	11.5	12.3
Hungary	Hungary	Interfruct Portfolio: 23 properties	55.8	63.4
Hungary	Hungary	MID Portfolio: 2 properties (acquired October 2007)	20.8	22.0
Hungary Total			146.7	173.3
Latvia	Riga	Blaumana 12	8.5	9.4
Latvia Total			8.5	9.4
Lithuania	Panevezys	Babilonas Shopping Centre	23.0	26.0
Lithuania Total			23.0	26.0
Poland	Poland	Geant Portfolio: 4 properties	42.3	61.4
Poland	Warszawa	Promenada Shopping Centre	94.5	122.8
Poland	Slupsk	Biedronka Supermarket	0.8	1.1
Poland	Warszawa	Marina Mokotow (acquired October 2007)	4.4	5.2
Poland Total			142.0	190.5
Romania	Brasov	Macromall Shopping Centre	13.1	13.5
Romania Total			13.1	13.5
Croatia	Croatia	Agrokor Portfolio: 6 properties (acquired December 2007)	40.7	41.7
Croatia Total			40.7	41.7
Grand Total			429.6	523.1

The gross lettable area of the portfolio is approximately 400,000 sqm, and the Company's property investment advisor, Dawnay, Day PanTerra, has identified the potential to increase this by approximately 20% over the next few years.

The revaluation surplus at 31 December 2007 at the individual property level varies due to the length of actual ownership of each property. The Antana Logistic Park and the Ericsson Office Building complex were both acquired with the intention of implementing regeneration projects to maximise their future value while providing attractive income yields at present.

Development portfolio

Country	Location	Property	Purchase Price (£m)	DTZ valuation* (£m)
Romania	Arad	Development site with permits	8.2	9.3
Romania	Baia Mare	Development site with permits	12.4	13.4
Romania	Cluj Napoca	Development site with permits	9.7	11.2
Romania	Satu Mare	Development site with permits	7.0	7.5
Romania Total			37.3	41.4

* valuation at purchase, and capitalised costs

The planned gross lettable area of the four developments in Romania is expected to exceed 150,000 sqm.

When completed, the Riga development will be in excess of 35,000 sqm, and the Company has invested approximately £20.3m in the project to date, in the form of an asset backed loan.

Financial Results

The net rental and related income for the year amounted to £24.3 million, an increase of 91% over 2006, reflecting a first-time, full year contribution from those properties acquired in 2006 and the acquisitions made during 2007.

The portfolio has been valued by DTZ Debenham Tie Leung Limited ('DTZ') as at 31 December 2007 at £523.1 million, giving a net uplift of £16 million compared to the 31 December 2006 valuation (or the purchase price if acquired thereafter). The cumulative revaluation surplus amounts to £55.2 million (excluding foreign exchange movements).

As the Group's functional currency is the euro, and its presentation currency is sterling, the continued strengthening of the euro against sterling had to be presented in the financial statements in accordance with IFRS. This has resulted in an unrealised foreign exchange loss on its sterling cash deposits of £7.0 million over the period, while a net unrealised gain of £23.1 million on the euro denominated property valuation was classified under the translation reserve. The present strengthening of the euro benefits the shareholders of the Group as it is the underlying currency for the majority of its rental income.

The Company overall generated a net profit before tax of £21.9 million. Adjusted profit before tax, which excludes any fair value and exchange movements amounted to £11.5 million, an increase of 18% over 2006.

Basic earnings per share were 8.3 pence, while the diluted earnings per share is 7.3 pence for the year. The adjusted earnings per share excluding the unrealised tax liabilities is 12 pence for the year.

The net asset value per share, adjusted to exclude goodwill and associated deferred tax liabilities arising on the property valuations, has risen to 136.7 pence from 126.7 pence, an increase of 8%. Non-adjusted, net asset value per share has also risen, to 123.9 pence from 114.2 pence at 31 December 2006, an increase of 8.5%.

At 31 December 2007, the Group's borrowings totalled £310.4 million, representing a loan to value ratio of 57% and a loan to cost ratio of 69% of the investment property. Following the £30 million refinancing of the Agrokor Portfolio in March 2008, the loan to value ratio has risen to 62% and a loan to cost ratio of 76% of the investment property. The above loan

balance also includes land and development related financing at a total amount of £13.7 million.

All loans are secured against properties and are denominated in euros. The weighted average interest rate for the year was 5.52%. Hedging instruments are in place for all loans, which swap the variable Euribor rate to fixed rate with a weighted average rate of 3.7%.

The Group actively manages its cash flow to deliver maximum returns. At the 2007 year end, the Group's current liabilities were temporarily higher than its current assets which was primarily due to the equity invested into the Agrokor project. The purchase contract provided for the transaction to be rescinded should debt financing be unavailable. However, as the debt financing was successfully completed, in March 2008 the Group has, as anticipated returned to a positive balance of current assets and liabilities.

Dividends

A first interim dividend of 3.33 pence per share for the year ending 31 December 2007 was declared in April 2007 and was paid in September 2007.

A second interim dividend, also of 3.33 pence per share, was declared in November 2007 and paid in January 2008. This second interim dividend was the first dividend in respect of which the new placing shares issued in May qualified for.

The Board intends to declare, subject to shareholder approval, a final dividend for the year, of 3.34 pence per share. This will result in an aggregate dividend payment of 10 pence per share for the year ending 31 December 2007, which achieves the Board's previously stated target.

In light of the markedly different economic climate, and the impact this has had on the property sector, the Board has set a new dividend objective for 2008 of 8 pence per share which still represents an attractive yield but also takes account of the current market environment. The dividend is expected to be funded partially from value realizations and from income generated by the investment properties.

Outlook

While we believe that the current uncertain market and financial conditions will no doubt continue for some time, in our view the diversity of our portfolio and the expertise of our property investment advisor will assist us to continue to add value for shareholders in order to deliver very attractive returns.

Having now successfully invested the available funds well ahead of our target timetable, the immediate focus will be to realise value within our investment portfolio and to progress our development projects. The key to our continuing success rests upon utilising the property investment advisor's extensive local experience, and relationships across our markets. In addition, we will progress asset management opportunities including adding additional space to our existing properties and look to take advantage of the current environment through opportunities such as distressed sales. We are therefore confident of continuing to deliver value to our shareholders in the current financial year and beyond.

Rupert Cottrell
Chairman

INCOME STATEMENT

	Note	2007 Group £'000	2006 Group £'000
Gross rental income	3	27,051	15,799
Service charge income		9,635	5,946
Service charge expense		(10,886)	(6,712)
Property operating expenses		(3,401)	(2,679)
Other property income		1,895	335
Net rental and related income		24,294	12,689
Changes in fair value of investment property	8	15,983	36,792
Changes in fair value of financial assets and liabilities		1,409	(1,147)
Net foreign exchange (loss)/gain		(6,971)	1,388
Administrative expenses	4	(4,685)	(2,140)
Net operating profit before net financing expense		30,030	47,582
Financial income	5	7,375	6,839
Financial expense	5	(15,528)	(7,660)
Net financing (expense)		(8,153)	(821)
Net profit before tax		21,877	46,761
Tax	6	(6,947)	(10,739)
PROFIT FOR THE YEAR		14,930	36,022
Attributable to:			
Equity holders of the Company	7	16,202	30,706
Minority interest	7	(1,272)	5,316
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed as Pence per share)			
Basic earnings per share	7	8.3 p	21.1 p
Diluted earnings per share	7	7.3 p	21.0 p

STATEMENT OF CHANGES IN EQUITY

GROUP	Note	Share Capital £'000	Share Premium £'000	Minority Interest £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2006		1,454	125,556	230	(95)	14,675	141,820
Profit for the year		-	-	-	-	36,022	36,022
Minority interest		-	-	460	-	(460)	-
Dividends paid	14	-	-	-	-	(2,909)	(2,909)
Carried interest allocation to minority shareholders		-	-	4,856	-	(4,856)	-
Translation into presentation currency		-	-	-	(3,372)	-	(3,372)
Balance as at 31 December 2006		1,454	125,556	5,546	(3,467)	42,472	171,561
Balance as at 1 January 2007		1,454	125,556	5,546	(3,467)	42,472	171,561
Profit for the year		-	-	-	-	14,930	14,930
Dividends paid and declared	14	-	-	-	-	(18,342)	(18,342)
Purchase of minority shareholders' interest		-	-	(688)	-	-	(688)
Minority interest through acquisitions		-	-	87	-	-	87
Carried interest allocation to minority shareholders				(1,272)	-	1,272	-
Issue of share capital	11	833	99,167	-	-	-	100,000
Costs of issue	11	-	(3,315)	-	-	-	(3,315)
Exercise of share-based option	11	6	594	-	-	-	600
Share premium release	11	-	(44,891)	-	-	44,891	-
Translation into presentation currency		-	-	-	23,127	-	23,127
Balance as at 31 December 2007		2,293	177,111	3,673	19,660	85,223	287,960

BALANCE SHEET

Note	2007 Group	2006 Group
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		£'000	£'000
ASSETS			
Non-current assets			
Investment property	8	523,112	368,692
Development property	8	41,428	-
Goodwill		25,576	16,578
Intangible assets		13	-
Costs relating to future acquisitions		291	436
Other investments		5,477	-
Loans receivable		14,846	-
Deferred income tax assets	9	1,027	964
		<u>611,770</u>	<u>386,670</u>
Current assets			
Trade and other receivables	10	12,776	10,368
Loans receivable		20	-
Cash and cash equivalents		62,103	75,131
Financial assets		4,762	2,666
		<u>79,661</u>	<u>88,165</u>
TOTAL ASSETS		<u>691,431</u>	<u>474,835</u>
EQUITY			
Issued capital	11	2,293	1,454
Share premium	11	177,111	125,556
Retained earnings		85,223	42,472
Translation reserve/(deficit)		19,660	(3,467)
Total equity attributable to equity holders of the parent		<u>284,287</u>	<u>166,015</u>
Minority interest		3,673	5,546
TOTAL EQUITY		<u>287,960</u>	<u>171,561</u>
LIABILITIES			
Non-current liabilities			
Bank loans	12	233,382	189,535
Deferred income tax liabilities	9	56,333	35,336
		<u>289,715</u>	<u>224,871</u>
Current liabilities			
Trade and other payables	13	27,884	11,838
Bank loans	12	77,055	64,702
Provisions		647	729
Dividends payable	14	7,638	-
Financial liabilities		532	1,134
		<u>113,756</u>	<u>78,403</u>
TOTAL LIABILITIES		<u>403,471</u>	<u>303,274</u>
TOTAL EQUITY AND LIABILITIES		<u>691,431</u>	<u>474,835</u>

CASH FLOW STATEMENT	Note	2007	2006
		Group £'000	Group £'000
Cash flows from operating activities			

Cash (used in)/ generated from operations	15	(13,730)	2,940
Income taxes paid		(1,830)	(797)
Net cash (used in)/ generated from operating activities		<u>(15,560)</u>	<u>2,143</u>
Cash flows from investing activities			
Capital expenditure on investment properties		(8,870)	(34,486)
Capital expenditure on development properties		(8,354)	-
Capital expenditure on incomplete acquisitions		(337)	(436)
Capital expenditure on intangible assets		(13)	-
Loan advances to unconsolidated entities		(14,866)	-
Investment in unconsolidated entities		(5,419)	-
Interest received		5,733	4,593
Acquisition of subsidiaries		(41,987)	(70,937)
Acquisition of minority interest in subsidiaries		(1,035)	-
Loans advanced to subsidiaries before acquisition		-	(22,476)
Net cash used in investing activities		<u>(75,148)</u>	<u>(123,742)</u>
Cash flows from financing activities			
Proceeds on issue of shares, net of share issuance costs		97,285	-
New bank loans raised		53,019	86,045
Interest paid		(13,796)	(7,075)
Repayments of borrowings		(50,219)	-
Dividends paid		(10,704)	(7,272)
Net cash generated from financing activities		<u>75,585</u>	<u>71,698</u>
Net decrease in cash and cash equivalents		(15,123)	(49,901)
Cash and cash equivalents at the beginning of the year		75,131	126,145
Exchange gains/(losses) on cash and cash equivalents		2,095	(1,113)
Cash and cash equivalents at the end of the year		<u>62,103</u>	<u>75,131</u>

Abbreviated notes to the Consolidated financial statements

1. Accounting basis

Dawnay, Day Carpathian PLC (the "Company") is a company domiciled and incorporated in the Isle of Man on 2 June 2005 for the purpose of investing in the retail property market in Central and Eastern Europe.

The consolidated financial statements for Dawnay, Day Carpathian PLC (the "Group") and financial statements for the Company have been prepared for the year ended 31 December 2007.

The financial information set out above does not constitute the Group's statutory accounts for the year ended 31 December 2007. The figures for the year ended 31 December 2007 are extracted from the audited Group financial statements ("the financial statements"). A copy of the financial statements, on which the auditors have issued an unqualified report, will be lodged with the Registrar of Companies. The results for the year ended 31 December 2007 have been prepared on the basis of the accounting policies set out in the financial statements.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), details of accounting policies adopted by the Group can be found in the financial statements

3. Gross rental income	2007 Group £'000	2006 Group £'000
Gross lease payments collected/accrued	27,051	15,799

The Group leases out its investment property under operating leases. All operating leases are for terms of 1 - 15 years.

4. Administrative expenses

	2007 Group £'000	2006 Group £'000
Accounting fees	567	401
Other administrative expenses	1,564	356
Audit fees	521	323
Legal fees	445	264
Abortive acquisition costs	464	234
Non-executive Directors fees	138	135
Bank charges and fees	336	89
Portfolio management fees	156	87
Tax advisory fees	57	85
Nominated advisor fees	56	61
Public relation fees	49	56
Consultancy fees	137	-
Custody/trust fees	38	36
Irrecoverable VAT	157	13
	<u>4,685</u>	<u>2,140</u>

Other administrative expenses include items such as stationary, postage, telecommunications and travel.

5. Net financing expense

	2007 Group £'000	2006 Group £'000
Interest income from financial institutions	5,907	4,593
Interest income from related party	589	-

Fair value adjustment of interest rate swaps	879	2,246
Financial income	7,375	6,839
Net interest expenses on bank borrowings	(14,814)	(7,597)
Finance costs amortised	(116)	-
Unwinding of unrealised direct issue costs of borrowings	(598)	(63)
Net financing expense	<u>(8,153)</u>	<u>(821)</u>

6. Tax

	2007	2006
Recognised in the Income Statement	Group	Group
	£'000	£'000
Current tax expense		
Current year	508	1,108
Prior year	(168)	-
Deferred tax expense		
Origination of temporary differences	6,607	9,631
Total income tax expense in the Income Statement	<u>6,947</u>	<u>10,739</u>

7. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2007 was based on the profit attributable to ordinary shareholders of £ 16,202,416 (2006: £ 30,705,369) and a weighted average number of ordinary shares in issue of 196,169,559 (2006: 145,430,015)

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2007 was based on the diluted profit attributable to ordinary shareholders of £14,460,545 (2006: £ 30,705,369) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 197,705,853 (2006: 146,515,868).

8. Investment property and development property

	2007	2007	2007
	Investment property Group	Development property Group	Total Group
	£'000	£'000	£'000
Balance at 1 January	368,692	-	368,692
Acquisitions through business combinations	90,280	30,525	120,805

Acquisitions through direct asset purchases	7,607	6,814	14,421
Additions	1,264	1,540	2,804
Increase in fair value	15,983	-	15,983
Foreign exchange effect	39,286	2,549	41,835
Balance at 31 December	<u>523,112</u>	<u>41,428</u>	<u>564,540</u>

	2006	2006	2006
	Investment property Group £'000	Development property Group £'000	Total Group £'000
Balance at 1 January	87,054	-	87,054
Acquisitions through business combinations	215,530	-	215,530
Acquisitions through direct asset purchases	33,833	-	33,833
Additions	654	-	654
Increase in fair value	36,792	-	36,792
Foreign exchange effect	(5,171)	-	(5,171)
Balance at 31 December	<u>368,692</u>	<u>-</u>	<u>368,692</u>

9. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	2007	2007	2006	2006
	Group Assets £'000	Group Liabilities £'000	Group Assets £'000	Group Liabilities £'000
Investment property valuation	-	55,186	-	34,798
Interest rate swap valuation	-	516	-	324
Accrued interest payable	37	-	55	-
Tax losses brought forward	990	-	909	-
Other temporary differences	-	631	-	214
	<u>1,027</u>	<u>56,333</u>	<u>964</u>	<u>35,336</u>

10. Trade and other receivables

	2007	2006
	Group £'000	Group £'000
Trade receivables	3,043	2,569
Other receivables	4,948	6,447
Tax receivable	622	-
Prepayments	1,675	1,352
Accrued interest on loans	764	-
Subsidiary purchase price adjustment receivable	1,724	-
	<u>12,776</u>	<u>10,368</u>

11. Share capital and share premium

Authorised:	Number of ordinary shares of 1 pence each	£'000
At 31 December 2006	200,000,000	2,000
17 May 2007 - Increase of authorised share capital	150,000,000	1,500
At 31 December 2007	350,000,000	3,500

On 17 May 2007 the authorised share capital of the Company was increased to £3,500,000 by the creation of 150,000,000 ordinary shares of 1 pence each.

Issued:	Number of shares Issued and fully paid	Share capital £'000	Share premium £'000
Ordinary shares of 1p each			
Balance at 31 December 2006	145,430,015	1,454	125,556
23 February 2007 - share option exercised	600,000	6	594
18 May 2007 - issue for cash	83,333,334	833	99,167
18 May 2007 - placing cost	-	-	(3,315)
Transfer to distributable reserves	-	-	(44,891)
Balance at 31 December 2007	229,363,349	2,293	177,111

Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting.

On 18 May 2007, the Company issued 83,333,334 ordinary shares in relation to its public offering at £1.20 per share. The Company incurred costs of £ 3,315,000 relating to the issue of shares. These equity transaction costs were deducted from equity in accordance with IAS 32: Financial instruments disclosure and presentation.

On 17 May 2007 the Company passed a resolution at an Extraordinary General Meeting, which was subsequently approved by the Court, to cancel 20% of the Company's' share premium account to create distributable reserves.

12. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	Group £'000	Group £'000
Bank loans - non-current	233,382	189,535
Bank loans - current	77,055	64,702
	310,437	254,237

The borrowings are repayable as follows:

On demand or within one year	77,055	65,147
In the second year	79,963	23,507
In the third to fifth years inclusive	122,593	137,759
After five years	32,205	29,133
	<u>311,816</u>	<u>255,546</u>
Unrealised direct issue cost of borrowings	(1,379)	(1,309)
	<u>310,437</u>	<u>254,237</u>
Less: amount due for settlement within twelve months (shown under current liabilities)	(77,055)	(64,702)
Amount due for settlement after twelve months	<u>233,382</u>	<u>189,535</u>

The Group has pledged each of its investment properties and its shares in the special purpose vehicles holding the investment properties to secure related interest-bearing debt facilities granted to the Group for the purchase of such investment properties.

The weighted average cost of debt of the year was 5.52% (2006: 5.28%).

13. Trade and other payables

	2007	2006
	Group	Group
	£'000	£'000
Trade payables	18,531	5,559
Tenant deposits	2,285	1,812
Accrued interest	2,425	1,290
Related party payables	869	1,140
Tax payable	-	869
Accrued expenses	2,833	704
Income received in advance	647	391
Subsidiary purchase price adjustment payable	294	73
	<u>27,884</u>	<u>11,838</u>

14. Dividends

	2007	2006
	Group	Group
	£'000	£'000
First interim dividend (declared and paid)	4,868	2,909
Second interim dividend (declared in 2007 and paid in 2008)	7,638	-
Final dividend (declared and paid during 2007)	5,836	
	<u>18,342</u>	<u>2,909</u>

14. Dividends (continued)

On 23 April 2007 the Directors declared a final dividend of 4 pence per share for the year ended 31 December 2006.

Two interim dividend declarations of 3.33 pence per share were declared on 23 April 2007 and on 27 November 2007. The second interim dividend was paid on 4 January 2008.

The Board intends to declare, subject to shareholder approval, a final dividend for the year, of 3.34 pence per share. This will result in an aggregate dividend payment of 10 pence per share for the year ending 31 December 2007, which achieves the Board's previously stated target.

15. Notes to the cash flow statement

2007	2006
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	Group	Group
	£'000	£'000
Cash (used in)/ generated from operations		
Profit for the year	14,930	36,022
Adjustments for:		
Increase in fair value of interest rate swaps	(1,632)	(2,246)
Increase in fair value of financial liabilities	(656)	1,147
Unwinding of unrealised direct issue costs of borrowings	598	63
Net other finance income	8,433	3,004
Increase in fair value of investment property	(15,983)	(36,792)
Costs relating to future acquisitions written off	439	-
Reversal of investment in subsidiaries	30	-
Provisions	(82)	-
Income tax expense	6,947	10,739
Unrealised foreign exchange loss/(gain)	6,971	(1,388)
Operating cash flows before movements in working capital	<u>19,995</u>	<u>10,549</u>
Decrease/ (increase) in receivables	760	(3,091)
(Decrease)/ increase in payables	(34,485)	(4,518)
Cash (used in)/ generated from operations	<u>(13,730)</u>	<u>2,940</u>

16. Financial Statements

Copies of the 2007 financial statements will be sent to all shareholders as soon as practical. These documents will be available to the public at the offices of the company: IOMA House, Hope Street, Douglas, Isle of Man, as well as on our website www.dawnaydaycarpathian.com.