

Interim Results

For the six months ended 30 September 2011

Tricorn Group plc ('Tricorn' or the 'Group'), (TCN.L) the AIM quoted tube manipulation specialist, today announces its unaudited interim results for the six months ended 30 September 2011.

Highlights

- Revenue up 23% to £12.420m (2010: £10.090m)
- Operating profit margin* up 24% to 6.3% (2010: 5.1%)
- PBT* up 61% to £0.722m (2010: £0.449m)
- Net cash £0.072m (2010: Net debt £0.551m)
- Adjusted earnings per share* up 57% to 1.66p
- Interim dividend declared of 0.07p per share

Summary

	Unaudited six months to 30 September 2011 £'000	Unaudited six months to 30 September 2010 £'000	Audited Year ended 31 March 2011 £'000
Revenue	12,420	10,090	21,764
Operating profit*	785	519	1,198
Operating profit margin*	6.3%	5.1%	5.5%
Profit before tax*	722	449	1,066
Profit for the period	510	244	687
Adjusted earnings per share – basic*	1.66p	1.06p	2.57p
Cash & equivalents	2,061	1,314	1,612
Net cash/(debt)	72	(551)	(61)

* All references to operating profit, operating profit margin, profit before tax and EPS are before intangible asset amortisation, share based payment charges, interest rate swap and foreign exchange derivative valuation.

Commenting on the results, Nick Paul CBE, Chairman of Tricorn said:

“I am delighted to report a further consecutive period of growth for Tricorn. The Group continues to benefit from its exposure to world markets, its key account management, ongoing investment and improving operational performance.

We remain resolutely focused on delivering excellence to our customers and we are seeing this rewarded with closer and more collaborative relationships.

Based on the progress made and our confidence in future prospects, the Board is pleased to declare an interim dividend as part of its longer term progressive dividend policy.

We remain confident of meeting market expectations for the year.”

Enquires:

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Notes to Editors:

Tricorn is a value added manufacturer and specialist manipulator of pipe and tubing assemblies to niche markets worldwide in the Energy & Utilities, Transportation and Aerospace sectors.

Headquartered in Malvern, UK, Tricorn employs around 300 employees and operates through four brands: MTC; Redman Fittings; Maxpower; and RMDG Aerospace.

Chairman's and Chief Executive's statement

Performance in the six months ended 30 September 2011

We are pleased to report a further consecutive period of growth with the Group continuing to benefit from its exposure to world markets, its key account management, ongoing investment and improving operational performance.

Revenue is up 23% to £12.420m, operating profit margin is up 24% to 6.3% and PBT* is up 61% to £0.722m when compared to the corresponding period last year. Whilst the Transportation and Energy divisions remain the principal drivers for revenue growth, all divisions have increased revenue compared to both the first and second half of last year. The Energy & Utilities segments have now been combined to more accurately reflect the operational management and internal reporting of these divisions.

Operating profit margins* continue to improve with our focus on the Aerospace division yielding the most significant progression.

On 30 September 2011 the Group gave notice to its bankers of the intention to repay, in full, its term loan which was not due to be fully repaid until August 2012. As a result, on 20 October 2011 the Group completed the full repayment of its term loan facility.

Based on the progress made and our confidence in future prospects, the Board is declaring an interim dividend of 0.07p as part of its longer term progressive dividend policy.

Operational Review

The Group operates three main business segments focused on the Energy & Utilities, Transportation and Aerospace sectors.

We have extended our key account management capabilities, increased our engineering resources and invested in our facilities whilst continuing to benefit from the strong global demand being experienced by our customers.

We remain resolutely focused on delivering excellence to our customers and we have seen this rewarded with a supplier award for quality and delivery excellence, renewal of long term contracts and an expansion of our share of business with our existing customers.

Energy & Utilities

Our Malvern Tubular Components business specialises in fabricated and manipulated tubular assemblies for large diesel engines and radiator sets used within the energy sector, principally power generation, mining and oil and gas applications. We have continued to upgrade our facilities with the most significant investment being in extending our tube bending capability and capacity. This has already been instrumental in securing new business. Total new business wins secured in the year to date are valued in excess of £1.5m at mature volume levels. Revenue is up 24% compared to a year ago.

Redman Fittings holds worldwide patents on a unique method of joining polyethylene pipes used within the utilities sector. The focus on soil contamination levels by major utility companies is having a positive impact on the business and revenue in the first half was up 61% compared to a year ago.

Overall revenue for the Energy & Utilities division was up 27%.

Transportation

Maxpower Automotive is focused on nylon, rigid and hybrid tubular products for engines, braking systems and fuel sender sub-systems. The business received a supplier award for quality and delivery excellence from one of its major customers earlier in the year reflecting the operation's ability to deliver consistent quality and delivery excellence. It has also actively supported its customers in the launch of the next generation of low emission engines, securing opportunities for the supply of oil level indicators as well as fuel, air and oil pipe assemblies. Revenue increased 32% compared to the corresponding period last year.

Aerospace

RMDG Aerospace supplies rigid pipe assemblies used in a variety of applications within the aerospace sector. We have made good progress in addressing the operational issues previously highlighted, secured new business and renewed existing contracts with two of our key customers. Operating margins are significantly improved at a time when the sector is experiencing strong order books. Revenue is up 4.5% year on year and the business is well positioned to increase its overall contribution to the Group's performance.

Financial Review

The results for the six months to 30 September 2011 represent the fourth consecutive period of half yearly PBT growth from the Group. This strong performance saw increases in revenue, adjusted EPS* and a move to a net cash position at the half year.

In line with our progressive dividend policy the Board has declared an interim dividend of 0.07p per share to all shareholders who are on the register on 3 February 2012. The dividend will be paid on 17 February 2012.

Income Statement

Revenue for the half year was up 23% on the same period last year at £12.420m (2010: £10.090m), with all sectors showing top line growth. This, coupled with an improvement in performance in the Aerospace segment, helped the Group to improve its gross margins.

Administration costs at 21.8% as a proportion of turnover are lower than both the last half and full year. Resultant operating profit* was up 51% to £0.785m (2010: £0.519m), and operating profit margins* were up to 6.3%. After adjusting for intangible asset amortisation, share based payment

charges and credits relating to foreign exchange derivative contracts, operating profit was up 72% to £0.731m (2010: £0.424m).

Net finance charges at the half year were £0.046m (2010: £0.073m). This included a credit relating to the interest rate swap valuation of £17k (2010: charge of £3k).

The resultant unadjusted profit before tax was up 95% to £0.685m (2010: £0.351m). Basic EPS was up 104% at 1.55p (2010: 0.76p) and, after adjusting for one-off costs, EPS was up 57% at 1.66p (2010: 1.06p).

Cash Flow

The Group's net cash flow from operating activities was in line with the previous half year at £0.321m. Although profitability improved, our net receivables/payables balance increased on higher volumes. This was as a result of a key customer changing its payment terms by an average of two weeks, as well as the Group continuing to source more of its components from China. The impact of this latter action does improve margins, but it has a short term cash flow impact as parts are paid for when shipped.

Capital expenditure at the half year was £0.512m (2010: £0.037m), which included £0.204m taken on finance leases. Further capital commitments are in place for selective investments, and are scheduled to be completed during the third quarter.

In June 2011, to satisfy institutional demand, the Group sold 875,000 shares that it held in Treasury. This resulted in a cash inflow of £0.278m, net of fees, and helped to improve cash and equivalents to £2.061m at the half year, an increase of £0.747m (57%) over the 30 September 2010 balance of £1.314m.

At the half year, the Group delivered a consolidated net cash position of £0.072m, compared to a net debt position at 30 September 2010 of £0.551m and at 31 March 2011 of £0.061m.

The Group continually reviews its borrowings facilities and requirements, and on 30 September 2011 gave notice to its bankers of the intention to repay, in full, its term loan which was not due to be fully repaid until August 2012. As a result, on 20 October 2011 the Group completed the full repayment of its term loan facility through a payment of £250k.

Balance Sheet

The total assets of the Group increased to £13.543m (2010: £11.609m) at the half year, driven primarily by increases in capital expenditure, a strong cash and equivalents balance, and higher trade receivables.

At the half year working capital had increased to £4.448m (2010: £3.840m). As already indicated this was as a result of an increase in trade debtors, as well as the continued programme of sourcing key components from low cost sources. Encouragingly, inventory fell to £3.020m on the higher volumes compared to a 30 September 2010 balance of £3.266m.

Half year net cash was £0.072m, compared to a net debt position at 30 September 2010 of £0.551m. With the term loan appearing in current liabilities at the half year, the Group's remaining long term borrowings of £0.164m relate to assets under finance lease.

Outlook

We have been encouraged by the progress made in the period with the Group benefiting from its exposure to global markets, increased account penetration and continued focus on operational excellence. With a strong and improving balance sheet we remain ideally positioned to invest in opportunities to develop the Group further.

The Board is confident in meeting market expectations for the year.

Nick Paul CBE
Chairman

Mike Welburn
Chief Executive

Group statement of comprehensive income

For period ended 30 September 2011

	Note	Unaudited Six months to 30 September 2011 £000	Unaudited Six months to 30 September 2010 £'000	Audited Year Ended 31 March 2011 £'000
Revenue	3	12,420	10,090	21,764
Cost of sales		(8,400)	(6,876)	(14,845)
Gross profit		4,020	3,214	6,919
Distribution costs		(516)	(460)	(925)
Administration costs		(2,719)	(2,235)	(4,796)
Operating profit before intangible amortisation, fair value adjustments for foreign exchange contracts and share based payment charge	3	785	519	1,198
Intangible asset amortisation		(59)	(59)	(117)
Share based payment charge		(26)	(36)	(44)
Fair value credit/(charge) relating to foreign exchange contracts		31	-	(11)
Operating profit	3	731	424	1,026
Finance income		2	2	5
Finance costs		(48)	(75)	(104)
Profit before tax		685	351	927
Income tax expense		(175)	(107)	(240)
Profit for the year and total comprehensive income		510	244	687
Attributable to:				
Equity holders of the parent company		510	244	687
Earnings per share:				
Basic earnings per share	4	1.55p	0.76p	2.14p
Diluted earnings per share	4	1.51p	0.76p	2.12p

All of the activities of the Group are classed as continuing.

Group statement of changes in equity

For period ended 30 September 2011

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Investment in own shares £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2010 (audited)	3,302	1,448	1,388	193	(49)	(1,504)	4,778
Share based payment charge	-	-	-	36	-	-	36
Comprehensive income	-	-	-	-	-	244	244
Balance at 30 September 2010 (unaudited)	3,302	1,448	1,388	229	(49)	(1,260)	5,058
Issue of new shares	2	-	-	-	-	-	2
Share based payment charge	-	-	-	8	-	-	8
Total transactions with owners	2	-	-	8	-	-	10
Comprehensive income	-	-	-	-	-	443	443
Balance at 31 March 2011 (audited)	3,304	1,448	1,388	237	(49)	(817)	5,511
Issue of new shares	35	15	-	-	-	-	50
Dividends	-	-	-	-	-	(33)	(33)
Share based payment charge	-	-	-	26	-	-	26
Sale of shares	-	-	-	-	49	230	279
Total transactions with owners	35	15	-	26	49	197	322
Comprehensive income	-	-	-	-	-	510	510
Balance at 30 September 2011 (unaudited)	3,339	1,463	1,388	263	-	(110)	6,343

Group statement of financial position

At 30 September 2011

	Unaudited 30 September 2011 £'000	Unaudited 30 September 2010 £'000	Audited 31 March 2011 £'000
Assets			
Non current			
Goodwill	591	591	591
Intangible assets	618	734	676
Property, plant and equipment	1,366	985	1,040
	<u>2,575</u>	<u>2,310</u>	<u>2,307</u>
Current			
Inventories	3,020	3,266	3,087
Trade and other receivables	5,867	4,719	5,016
Financial assets at fair value through profit and loss	20	-	-
Cash and cash equivalents	2,061	1,314	1,612
	<u>10,968</u>	<u>9,299</u>	<u>9,715</u>
Total assets	<u><u>13,543</u></u>	<u><u>11,609</u></u>	<u><u>12,022</u></u>
Liabilities			
Current			
Trade and other payables	(4,439)	(4,145)	(4,212)
Financial liabilities at fair value through profit and loss	(54)	(107)	(82)
Borrowings	(1,825)	(1,619)	(1,578)
Corporation tax	(502)	(171)	(312)
	<u>(6,820)</u>	<u>(6,042)</u>	<u>(6,184)</u>
Non-current			
Borrowings	(164)	(246)	(95)
Deferred tax	(216)	(263)	(232)
	<u>(380)</u>	<u>(509)</u>	<u>(327)</u>
Total liabilities	<u>(7,200)</u>	<u>(6,551)</u>	<u>(6,511)</u>
Net assets	<u><u>6,343</u></u>	<u><u>5,058</u></u>	<u><u>5,511</u></u>
Equity			
Share capital	3,339	3,302	3,304
Share premium account	1,463	1,448	1,448
Merger reserve	1,388	1,388	1,388
Share based payment reserve	263	229	237
Investment in own shares	-	(49)	(49)
Profit and loss account	(110)	(1,260)	(817)
Total equity	<u><u>6,343</u></u>	<u><u>5,058</u></u>	<u><u>5,511</u></u>

Group statement of cash flows

For period ended 30 September 2011

	Unaudited Six months to 30 September 2011 £'000	Unaudited Six months to 30 September 2010 £'000	Audited Year Ended 31 March 2011 £'000
Cash flows from operating activities			
Profit after taxation	510	244	687
Adjustment for:			
Depreciation	153	177	326
Net finance costs in statement of comprehensive income	46	73	99
Amortisation charge	59	59	117
Share based payment charge	26	36	44
(Credit)/charge relating to foreign exchange derivative contracts	(31)	-	11
Taxation expense recognised in statement of comprehensive income	175	107	240
Increase in trade and other receivables	(845)	(875)	(1,169)
Increase in trade payables and other payables	226	786	799
Decrease/(increase) in inventories	67	(159)	20
	<hr/>	<hr/>	<hr/>
Cash generated from operations	386	448	1,174
Interest paid	(65)	(72)	(137)
Income taxes paid	-	(46)	(69)
	<hr/>	<hr/>	<hr/>
Net cash from operating activities	321	330	968
Cash flows from investing activities			
Sale of own shares	279	-	-
Purchase of plant and equipment	(309)	(37)	(187)
Interest received	2	2	5
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(28)	(35)	(182)
Cash flows from financing activities			
Issue of ordinary share capital	50	-	2
Drawdown/(Repayment) of short term borrowings	269	(85)	(119)
Repayment of bank borrowings	(150)	(150)	(300)
Payment of finance lease liabilities	(13)	(42)	(53)
	<hr/>	<hr/>	<hr/>
Net cash generated/(used) in financing activities	156	(277)	(470)
Net increase in cash and cash equivalents	449	18	316
Cash and cash equivalents at beginning of year	1,612	1,296	1,296
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	2,061	1,314	1,612

1 General information

Tricorn Group plc and subsidiaries' (the 'Group') principal activities comprise high precision tube manipulation, systems engineering and specialist fittings.

The Group's customer base includes major blue chip companies with world-wide activities in key market sectors, including Pipefittings, Power Generation, Aerospace, Off Highway, and Automotive.

Tricorn Group plc is the Group's ultimate parent Company. It is incorporated and domiciled in the United Kingdom. The address of Tricorn Group plc's registered office, which is also its principal place of business, is Spring Lane, Malvern, Worcestershire, WR14 1DA. The Group's shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange.

These consolidated interim financial statements have been approved for issue on 5 December 2011 by the Board of Directors. Amendments to the financial statements are not permitted after they have been approved.

The financial information set out in this interim report does not constitute statutory accounts as defined in the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2011 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

2 Accounting policies

Basis of preparation

These unaudited interim consolidated financial statements are for the six months ended 30 September 2011. They have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2011, which have been prepared in accordance with International Financial Reporting Standards.

3 Segmental reporting

The Group operates three main business segments:

- Energy & Utilities: manipulated tubular assemblies for use in power generation, oil and gas and marine sectors, and innovative jointing systems for use typically within the utility industry.
- Transportation: ferrous, non-ferrous and nylon material tubular assemblies for use in off-highway and other such applications.
- Aerospace: specialised rigid pipe assemblies for use the aerospace sector.

The Group previously presented four business segments with Energy and Utilities disclosed as separate segments. These two business streams have now been aggregated as they are both operationally managed and reported internally to the Chief Executive on a single basis. As such, the prior period and year comparative figures have been restated to aggregate Energy & Utilities into one reportable segment.

3 Segmental reporting (continued)

The financial information detailed below is frequently reviewed by the Chief Operating Decision maker.

6 months to 30 September 2011 (unaudited)

	Energy & Utilities £'000	Transportation £'000	Aerospace £'000	Unallocated £'000	Total £'000
Revenue	5,521	4,332	2,567	-	12,420
Segmental profit/(loss) before tax	442	363	(45)	-	760
Intangibles amortisation					(59)
Share based payment charge					(26)
Corporate recharges					(38)
Fair value charge relating to Foreign exchange contracts					31
Fair value credit relating to interest rate swap					17
Profit before tax					685
Segmental total assets	4,819	3,129	2,737	2,858	13,543

6 months to 30 September 2010 (unaudited)

	Energy & Utilities £'000	Transportation £'000	Aerospace £'000	Unallocated £'000	Total £'000
Revenue	4,351	3,282	2,457	-	10,090
Segmental profit/(loss) before tax	332	236	(169)	-	399
Intangibles amortisation					(59)
Share based payment charge					(36)
Corporate recharges					50
Fair value charge relating to Foreign exchange contracts					-
Fair value credit relating to interest rate swap					(3)
Profit before tax					351
Segmental total assets	4,239	2,233	2,825	2,312	11,609

3 Segmental reporting (continued)

Year ended 31 March 2011 (audited)

	Energy & Utilities £'000	Transportation £'000	Aerospace £'000	Unallocated £'000	Total £'000
Revenue	9,674	7,155	4,935	-	21,764
Segmental profit/(loss) before tax	808	598	(307)	-	1,099
Intangibles amortisation					(117)
Share based payment charge					(44)
Corporate recharges					(33)
Fair value charge relating to Foreign exchange contracts					(11)
Fair value credit relating to interest rate swap					33
Profit before tax					927
Segmental total assets	4,469	2,532	2,628	2,393	12,022

4 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Profit £'000	30 September 2011 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	510	32,932	1.55p
Dilutive shares		840	
Diluted earnings per share	510	33,772	1.51p

	Profit £'000	30 September 2010 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	244	32,145	0.76p
Dilutive shares		81	
Diluted earnings per share	244	32,226	0.76p

4 Earnings per share (continued)

	Profit £'000	31 March 2011 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	687	32,146	2.14p
Dilutive shares		297	
Diluted earnings per share	687	32,443	2.12p

The directors consider that the following adjusted earnings per share calculation is a more appropriate reflection of the Group performance.

	Profit £'000	30 September 2011 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	510	32,932	1.55p
Amortisation	59		
Interest rate collar gain	(17)		
Share based payment charge	26		
Credit relating to foreign exchange contracts	(31)		
Adjusted earnings per share	547	32,932	1.66p
Dilutive shares		840	
Diluted adjusted earnings per share	547	33,772	1.62p

	Profit £'000	30 September 2010 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	244	32,145	0.76p
Amortisation	59		-
Share based payment charge	36		
Interest rate collar gain	3		
Adjusted earnings per share	342	32,145	1.06p
Dilutive shares		81	
Diluted adjusted earnings per share	342	32,226	1.06p

	Profit £'000	31 March 2011 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	687	32,146	2.14p
Amortisation	117		-
Share based payment charge	44		
Interest rate collar gain	(33)		
Charge relating to foreign exchange contracts	11		
Adjusted earnings per share	826	32,146	2.57p
Dilutive shares		297	
Diluted adjusted earnings per share	826	32,443	2.54p

5 Dividends

As part of our progressive dividend policy, the Group will be paying an interim dividend of 0.07p per share to all shareholders who are on the register on 3 February 2012. The dividend will be paid on 17 February 2012.