

6 June 2011

## Preliminary Results

Tricorn Group plc ('Tricorn' or the 'Group'), (TCN.L) the AIM quoted tube manipulation specialist, today announces its audited preliminary results for the year ended 31 March 2011.

### Highlights

- Revenue up 45% to £21.8m (2010:£15.0m)
- Operating profit margin\* up 95% to 5.5%
- Increased cash position and substantial reduction in net debt
- Adjusted earnings per share up 3.2 times to 2.57p
- Maiden dividend recommended

### Summary

	2011	2010	Change
	£'000	£'000	%
Revenue	21,764	15,031	45
Operating profit*	1,198	425	182
Operating profit margin*	5.5%	2.8%	95
Profit before tax*	1,066	288	270
Cash & cash equivalents	1,612	1,296	24
Net debt	61	841	93
Adjusted EPS	2.57p	0.79p	325
Recommended dividend per share	0.1p	-	

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

### Nick Paul CBE, Chairman of Tricorn commented:

"Tricorn has made encouraging progress throughout the year with revenues across the Group up 45% and with a significant improvement in operating margins. The energy and transportation sectors have been the principal drivers for this, benefiting from market recovery and increasing market share.

Based on the progress we have made and our confidence in future prospects, the Board is recommending the payment of a maiden dividend of 0.1p per share as part of a longer term progressive dividend policy."

### Enquires:

Tricorn Group plc  
Mike Welburn, Chief Executive  
Phil Lee, Group Finance Director

Tel +44 (0)1684 569956  
[www.tricorn.uk.com](http://www.tricorn.uk.com)  
[corporate@tricorn.uk.com](mailto:corporate@tricorn.uk.com)

Arbuthnot Securities Limited  
Tom Griffiths/Ed Groome

Tel + 44 (0)207 012 2000

Winningtons  
Tom Cooper

Tel + 44 (0)797 122 1972

## Notes to Editors:

Tricorn Group plc (TCN:L) is a value added manufacturer and specialist manipulator of pipe and tubing assemblies to niche markets worldwide in the Energy, Transportation, Aerospace & Utilities sectors.

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

## Annual Report and Accounts

The preliminary results announcement can be downloaded from the Company's website ([www.tricorn.uk.com](http://www.tricorn.uk.com)). Copies of the Annual Report and Accounts (as well as the notice of Annual General Meeting) will be sent to shareholders by 25 August 2011 for approval at the Annual General Meeting to be held on 22 September 2011 and copies will be available on the Company's website and from its registered office, Spring Lane, Malvern, Worcestershire, WR14 1DA

## Chairman's and Chief Executive's statement

### Performance in the year ended 31 March 2011

We are pleased to report a very strong performance with encouraging progress Group wide. Revenue, operating profit margin\* and earnings per share have all showed significant uplift on 2010.

Revenue grew by 45%, operating profit margin\* increased by 95% and adjusted earnings per share was up 3.2 times to 2.57p.

At the same time we have remained focused on strengthening the balance sheet. Cash and cash equivalents were up 24% to £1.6m at the year end and net debt had been reduced by 93% from £0.841m at 31 March 2010 to £0.061m at 31 March 2011.

Based on the progress we have made and our confidence in future prospects, the Board is recommending the payment of a maiden dividend of 0.1p per share as part of a longer term progressive dividend policy.

### Operational Review

The Group operates four main business segments which are focused on the energy, transportation, aerospace and utilities sectors. The businesses serve a global blue chip OEM customer base, many of whom have major facilities in the UK and the rest of Europe. The final product is then shipped into world markets from these facilities which effectively extends the Group's global reach and reduces its dependency on the UK economy.

We have made encouraging progress throughout the year with Group revenues up 45% on 2010 and with a significant improvement in operating margins. The energy and transportation segments have been the principal drivers for this benefiting from market recovery and increasing market share. Demand within the utilities segment also increased throughout the year albeit from a lower base. There was a modest improvement in aerospace performance through the second half of the year.

### Energy

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 made good progress through the year with revenue up 81% on the previous year. With demand remaining strong, we committed to significant investment in plant and equipment through the latter part of the financial year

which will position us well for further growth. Looking forward, we expect this investment to continue at significantly higher levels than in recent years.

### **Transportation**

Maxpower Automotive is focused on nylon, rigid and hybrid tubular products for engines, braking systems and fuel sender sub-systems. Revenue increased 53% year on year as a result of more favourable market conditions and additional business secured. Our focus on lean implementation has also progressed well and the improvement in operating margin has been very positive. The development of the next generation of product fixtures that allow electronic verification of critical component characteristics has been extremely well received by customers and positions us well for new business opportunities.

### **Aerospace**

RMDG Aerospace supplies rigid pipe assemblies used in a variety of applications within the aerospace sector. Revenues were broadly similar to the previous year but we have experienced some supply chain constraints coupled with higher material costs. The delay in being able to pass these increases on to our customers has put pressure on operating margins which we expect to address over the coming months.

### **Utilities**

Redman Fittings holds worldwide patents on a unique method of joining polyethylene pipes. Its customers include major OEMs which are supplied with a branded version of the product which is then incorporated within their "barrier" pipe systems. These multi-layer pipe systems are used within the water industry in brown field site developments providing advantages in performance and overall cost. Revenue increased 77% year on year reflecting higher levels of activity in this area. With increasing focus on soil contamination levels we are optimistic that this could stimulate further growth within the sector. The business continued to deliver double digit segmental profit margins.

### **Financial Review**

The Group has delivered a strong set of results for the 2010/11 financial year. It has built on the positive results of 2009/10 and continued to focus on its key objectives to improve financial performance. As a result we have seen increased revenue, operating profit\* and EPS\*, as well as a significant improvement in the Group's net debt position.

The strong performance has resulted in the Board recommending the payment of a maiden dividend of 0.1p per share for the full year to shareholders who are on the register on 7 October 2011. The dividend will be payable on 21 October 2011. This is part of a longer term progressive dividend policy.

### **Income Statement**

Revenue for the financial year was up 45% to £21.764m (2010: £15.031m), driven predominantly by improvements in the energy and transportation sectors.

Gross margins were maintained at 32% despite lower aerospace margins. However, the Group continued to focus on controlling its administration costs, and was able to further reduce operational gearing to 22%. This resulted in operating profit\* being up 282% to £1.198m (2010: £0.425m), and operating profit margins\* 95% higher than 2010. After deducting intangible asset amortisation, share based payment charges and charges relating to foreign exchange derivative contracts, operating profit was up 334% to £1.026m (2010: £0.307m).

Finance charges for the year were £0.099m (2010: £0.129m), although this included a credit relating to the interest rate swap valuation of £33k (2010: £8k). Despite the Group's lower level of net borrowings during the year, finance charges, excluding the interest rate swap valuation credit, were in line with last year at £0.132m (2010: £0.137m). This is a function of the interest rate cap and collar arrangement that the Group has in place over its borrowings.

The resultant unadjusted profit before tax was up 521% to £0.927m (2010: £0.178m). Basic EPS was up 4.8 times at 2.14p (2010: 0.45p) and, after adjusting for one-off costs, EPS was up 3.2 times at 2.57p (2010: 0.79p).

### **Cash Flow**

The Group's net cash flow from operating activities in the year was £0.968m (2010: £1.413m). This represents a solid profit to cash conversion.

Full year capital expenditure of £0.187m (2010: £0.135m) is lower than anticipated due to the timing of contract placements on major investments. However, at 31 March 2011, the Group had capital commitments in place of £0.524m for delivery during 2011/12.

The Group continued to pay down its borrowings, with net debt reduced by 93% to £0.061m, and increase its cash and cash equivalents during the year by 24% to £1.612m (2010: £1.296m).

### **Balance Sheet**

Net working capital was in line with the half year result at £3.891m (2010: £3.586m). The increase over last year was driven predominantly by an increase in trade debtors, due to the increased trading volumes. However, the Group managed to maintain the lower inventory levels achieved last year against significantly higher volumes.

The Group's net debt at the year end was significantly reduced by £0.780m to £0.061m (2010: 0.841m). Gearing, measured as total debt to equity, at the year end stood at 1%, compared to 18% in 2010.

The Group continues to hold 875,000 of its ordinary shares in Treasury. These shares were purchased in March 2010 at a price of 5.5p per ordinary share.

### **People**

We are deeply grateful for the energy, passion and skills of our people and we continue to invest in their development.

Following the launch of our Energise programme last year, around two thirds of our employees attended, or are attending, our training programmes that see participants attain a National Vocational Qualification in Business Improvement Techniques. This is proving a firm foundation for further operational improvement.

Nick Silverthorne, Group Technical Director, left the Board at the end of May and we would like to acknowledge his contribution to the business over very many years. He will continue to support the Group on a part time basis in a consultancy capacity.

We are also delighted to welcome David Leakey to the Board as Group Sales Director. David, who joins us from IMI plc, has extensive experience in OEM account development and will play a key role in the execution of the Group's organic growth plans.

### **Outlook**

We have been encouraged by the progress made in the year with the Group benefitting from its exposure to global markets, increased account penetration and continued focus on operational improvement. We accelerated our investment plans through the second half of the year and this higher level of investment will continue through the current year as we look to capitalise on the opportunities we are identifying. Alongside our drive for organic growth, the Group continues to consider potential acquisition opportunities.

Nick Paul CBE  
Chairman

Mike Welburn  
Chief Executive

# Group statement of comprehensive income

## For year ended 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Revenue</b>	4	<b>21,764</b>	15,031
Cost of sales		<u>(14,845)</u>	<u>(10,193)</u>
<b>Gross profit</b>		<b>6,919</b>	4,838
Distribution costs		<b>(925)</b>	(676)
Administration costs		<b>(4,796)</b>	(3,737)
<b>Operating profit before intangible amortisation, fair value adjustments for foreign exchange contracts and share based charge</b>	4	<b>1,198</b>	425
Intangible asset amortisation		<b>(117)</b>	(118)
Share based payment charge		<b>(44)</b>	-
Fair value charge relating to foreign exchange contracts		<b>(11)</b>	-
<b>Operating profit</b>	4	<b>1,026</b>	307
Finance income		<b>5</b>	3
Finance costs		<b>(104)</b>	(132)
<b>Profit before tax</b>		<b>927</b>	178
Income tax expense		<b>(240)</b>	(29)
<b>Profit for the year and total comprehensive income</b>		<b>687</b>	149
<b>Attributable to:</b>			
Equity holders of the parent company		<b>687</b>	149
<b>Earnings per share:</b>			
Basic earnings per share	5	<b>2.14p</b>	0.45p
Diluted earnings per share	5	<b>2.12p</b>	0.45p

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

# Group statement of changes in equity

## For year ended 31 March 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
<b>Balance at 1 April 2009</b>	3,302	1,448	1,388	193	-	(1,653)	4,678
Transactions with owners	-	-	-	-	(49)	-	(49)
Comprehensive income	-	-	-	-	-	149	149
<b>Balance at 31 March 2010</b>	3,302	1,448	1,388	193	(49)	(1,504)	4,778
Issue of new shares	2	-	-	-	-	-	2
Share based payment charge	-	-	-	44	-	-	44
Total transactions with owners	2	-	-	44	-	-	46
Comprehensive income	-	-	-	-	-	687	687
<b>Balance at 31 March 2011</b>	<b>3,304</b>	<b>1,448</b>	<b>1,388</b>	<b>237</b>	<b>(49)</b>	<b>(817)</b>	<b>5,511</b>

# Group statement of financial position

## At 31 March 2011

	<b>2011</b>	2010
	<b>£'000</b>	£'000
<b>Assets</b>		
<b>Non current</b>		
Goodwill	591	591
Intangible assets	676	793
Property, plant and equipment	1,040	1,126
	<u>2,307</u>	<u>2,510</u>
<b>Current</b>		
Inventories	3,087	3,107
Trade and other receivables	5,016	3,839
Cash and cash equivalents	1,612	1,296
	<u>9,715</u>	<u>8,242</u>
	<u>12,022</u>	<u>10,752</u>
<b>Total assets</b>		
<b>Liabilities</b>		
<b>Current</b>		
Trade and other payables	(4,212)	(3,360)
Financial liabilities at fair value through profit or loss	(82)	(104)
Borrowings	(1,578)	(1,734)
Corporation tax	(312)	(88)
	<u>(6,184)</u>	<u>(5,286)</u>
<b>Non-current</b>		
Borrowings	(95)	(403)
Deferred tax	(232)	(285)
	<u>(327)</u>	<u>(688)</u>
	<u>(6,511)</u>	<u>(5,974)</u>
<b>Total liabilities</b>		
<b>Net assets</b>		
	<u>5,511</u>	<u>4,778</u>
<b>Equity</b>		
Share capital	3,304	3,302
Share premium account	1,448	1,448
Merger reserve	1,388	1,388
Share based payment reserve	237	193
Investment in own shares	(49)	(49)
Profit and loss account	(817)	(1,504)
	<u>5,511</u>	<u>4,778</u>
<b>Total equity</b>		

# Group statement of cash flows

For year ended 31 March 2011

	<b>2011</b>	2010
	<b>£'000</b>	£'000
<b>Cash flows from operating activities</b>		
Profit after taxation	<b>687</b>	149
Adjustment for:		
Depreciation	<b>326</b>	392
Net finance costs in statement of comprehensive income	<b>99</b>	129
Amortisation charge	<b>117</b>	118
Share based payment charge	<b>44</b>	-
Charge relating to foreign exchange derivative contracts	<b>11</b>	-
Taxation expense recognised in statement of comprehensive income	<b>240</b>	29
Increase in trade and other receivables	<b>(1,169)</b>	(170)
Increase in trade payables and other payables	<b>799</b>	463
Decrease in inventories	<b>20</b>	710
	<hr/>	<hr/>
Cash generated from operations	<b>1,174</b>	1,820
Interest paid	<b>(137)</b>	(140)
Income taxes paid	<b>(69)</b>	(267)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>968</b>	1,413
	<hr/> <hr/>	<hr/> <hr/>
<b>Cash flows from investing activities</b>		
Purchase of own shares	-	(49)
Purchase of plant and equipment	<b>(187)</b>	(135)
Interest received	<b>5</b>	3
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(182)</b>	(181)
	<hr/> <hr/>	<hr/> <hr/>
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	<b>2</b>	-
Repayment of short term borrowings	<b>(119)</b>	(232)
Repayment of bank borrowings	<b>(300)</b>	(300)
Payment of finance lease liabilities	<b>(53)</b>	(117)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(470)</b>	(649)
	<hr/> <hr/>	<hr/> <hr/>
<b>Net increase in cash and cash equivalents</b>	<b>316</b>	583
	<hr/>	<hr/>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,296</b>	713
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>1,612</b>	1,296
	<hr/> <hr/>	<hr/> <hr/>

## **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. Tricorn Group plc's shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange.

The financial statements for the year ended 31 March 2011 (including the comparative for the year ended 31 March 2010) were approved by the Board of directors on 3 June 2011. Amendments to the financial statements are not permitted after they have been approved.

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The group statement of comprehensive income, the group statement of changes in equity, the group statement of financial position, the group statement of changes in equity, the group statement of cash flows and the associated notes for the year ended 31 March 2011 have been extracted from the group's financial statements upon which the auditor's opinion is unqualified and does not include any statement under Section 498 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2011 will be delivered to the Registrar of Companies following the Group's Annual General Meeting.

## **2 Accounting policies**

### **Basis of preparation**

These consolidated financial statements have been prepared under the required measurement bases specified under International Financial Reporting Standards (IFRS) and in accordance with applicable IFRS as adopted by the European Union and IFRS as issued by the International Accounting Standards Board.

## **3 Going concern**

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Detailed cash flow forecasts have been prepared which highlight that the Group has sufficient cash headroom to support its activities. The forecasts also highlight that the financial covenants included in the bank loan agreements will be fully complied with. The key assumptions in these forecasts have been sensitised and no issues arise which lead to any concern regarding the operations or financing of the Group. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

## **4 Segmental reporting**

The Group operates four main business segments:

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

#### 4 Segmental reporting (continued)

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

##### Year ended 31 March 2011

	Energy £'000	Transportation £'000	Aerospace £'000	Utilities £'000	Unallocated £'000	Total £'000
<b>Revenue</b>						
- from external customers	8,792	7,155	4,935	882	-	21,764
- from other segments	-	-	-	-	-	-
<b>Segment revenues</b>	8,792	7,155	4,935	882	-	21,764
<b>Operating profit/(Loss) pre amortisation, foreign exchange contracts and share based payment charge</b>	756	604	(283)	112	9	1,198
Intangibles amortisation	-	-	-	-	(117)	(117)
Share based payment charge	-	-	-	-	(44)	(44)
Fair value charge relating to Foreign exchange contracts	-	-	-	-	(11)	(11)
<b>Operating profit/(Loss)</b>	756	604	(283)	112	(163)	1,026
Net finance costs	(58)	(6)	(24)	(2)	(9)	(99)
<b>Profit/(Loss) before tax</b>	698	598	(307)	110	(172)	927
<b>Segmental assets</b>	3,523	2,532	2,628	946	2,393	12,022
<b>Other segment information:</b>						
Capital expenditure	177	50	13	-	-	240
Depreciation	127	126	57	15	1	326

##### Year ended 31 March 2010

	Energy £'000	Transportation £'000	Aerospace £'000	Utilities £'000	Unallocated £'000	Total £'000
<b>Revenue</b>						
- from external customers	4,849	4,671	5,014	497	-	15,031
- from other segments	-	-	-	-	-	-
<b>Segment revenues</b>	4,849	4,671	5,014	497	-	15,031
<b>Operating profit pre intangible amortisation</b>	96	52	128	53	96	425
Intangibles amortisation	-	-	-	-	(118)	(118)
<b>Operating profit/(Loss)</b>	96	52	128	53	(22)	307
Net finance costs	(46)	(16)	(22)	(2)	(43)	(129)
<b>Profit/(Loss) before tax</b>	50	36	106	51	(65)	178
<b>Segmental assets</b>	3,304	1,988	3,040	243	2,177	10,752
<b>Other segment information:</b>						
Capital expenditure	66	45	24	-	-	135
Depreciation	151	165	58	17	1	392

#### 4 Segmental reporting (continued)

The Group's revenue from external customers and its geographic allocation of total assets may be summarised as follows:

	Year ended 31 March 2011		Year ended 31 March 2010	
	Revenue	Assets	Revenue	Assets
	£'000	£'000	£'000	£'000
United Kingdom	15,733	12,022	10,925	10,752
Europe	3,732	-	3,217	-
Rest of World	2,299	-	889	-
	<b>21,764</b>	<b>12,022</b>	15,031	10,752

#### 5 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.

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

	31 March 2010		Earnings per share Pence
	Profit	Weighted average number of shares	
	£'000	Number '000	
Basic earnings per share	149	32,979	0.45p
Dilutive shares		-	
Diluted earnings per share	149	32,979	0.45p

## 5 Earnings per share (continued)

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

	Profit £'000	31 March 2011 Weighted average number of shares Number '000	Earnings per share Pence
<b>Basic earnings per share</b>	<b>687</b>	<b>32,146</b>	<b>2.14p</b>
Amortisation	117		
Interest rate collar gain	(33)		
Share based payment charge	44		
Charge relating to foreign exchange contracts	11		
<b>Adjusted earnings per share</b>	<b>826</b>	<b>32,146</b>	<b>2.57p</b>
Dilutive shares		297	
<b>Diluted adjusted earnings per share</b>	<b>826</b>	<b>32,443</b>	<b>2.54p</b>
		31 March 2010 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	149	32,979	0.45p
Amortisation	118	-	-
Interest rate collar gain	(8)		
Adjusted earnings per share	259	32,979	0.79p
Dilutive shares		-	
Diluted adjusted earnings per share	259	32,979	0.79p

## 6 Dividends

As part of a longer term progressive dividend policy, the Board has recommended the payment of a maiden dividend of 0.1p per share.