Tricorn Group plc Preliminary Results 2007/08

Tricorn Group plc today announced its results for the year ended 31 March 2008.

	2008 £'000	2007 £'000	Change %
Sales	**20,829**	11,147	+86.9
Operating profit*	**1,661**	1,044	+59.1
Operating profit* after restructuring costs	**1,661**	924	+79.8
Adjusted earnings per share*^	**3.51p**	2.23p	+57.4

*** before amortisation, share based charge and restructuring costs**
^ 2007 EPS restated under IFRS

The year ended 31 March 2008 has again seen record results for the Group as we continue to move forward with the successful execution of our strategy to expand organically and through acquisition.

Revenues were up 86.9% to £20,829K (2007: £11,147K) operating profit (before intangible asset amortisation and share based charges) grew 59.1% to £1,661k (2007: £1,044k) and adjusted basic earnings per share rose to 3.51p (2007: 2.23p)

Malvern Tubular Components made good progress in the year and demand for its products increased particularly through the latter part of the period. The year ended with revenues up 12.6% and with an encouraging outlook.

At Redman Fittings capacity was added as demand increased substantially through the year. Its patented jointing system is gaining greater market acceptance and this is expected to continue over the medium to longer term. However in the short term we expect the weaker housing market will lead to some softening of demand.

The improved operational performance at RMDG Aerospace has enabled it to strengthen its relationship with its customers and the business is well positioned to gain market share. Transfer of component sourcing to lower cost countries has been slower than anticipated but the business started to contribute to Group profits in the second half and this is expected to accelerate in the current financial year

We acquired Maxpower Automotive in June 2007, which further strengthened the Group's position as a pipe solutions provider. Good progress has been made in improving operational performance and in establishing sources of components from low cost countries. We remain on track to deliver significant benefits from this activity in 2008.

The outlook for the Group remains encouraging. The majority of our customers are operating in markets that remain strong. We continue to move component spend to low cost countries and we remain focussed on improving our operational efficiency.

We will continue to look for acquisitions that fit our business model and where Tricorn expertise can add significant value.

Nick Paul
Chairman
16 June 2008

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CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Revenue	3	**20,829**	11,147
Cost of sales		**(14,584)**	(6,787)
Gross profit		**6,245**	4,360
Distribution costs		**(912)**	(451)
Administration costs		**(3,672)**	(2,865)
Operating profit before amortisation, share based charge and restructuring costs	3	**1,661**	1,044
Amortisation		**(94)**	(19)
Share based charge		**(335)**	(52)
Restructuring costs		**-**	(120)
Operating profit		**1,232**	853
Finance income		**10**	11
Finance costs		**(269)**	(129)
Profit before tax		**973**	735
Income tax expense		**(174)**	(235)
Profit for the year	3	**799**	500
Attributable to:			
Equity holders of the parent		**799**	500
Earnings per share:			
Basic earnings per share	4	**2.**	1.61
Diluted earnings per share	4	**2.**	1.47

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2008

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2006	3,102	1,371	1,388	-	(3,731)	2,130
Profit for the year	-	-		-	500	500
Total recognised income for the year	-	-	-	-	500	500
Share based charge	-	-	-	52	-	52
Balance at 31 March 2007	3,102	1,371	1,388	52	(3,231)	2,682
Profit for the year	-	-		-	799	799
Total recognised income for the year	-	-	-	-	799	799
Share based charge	-	-	-	335	-	335
Share based charge exercised in year	-	-	-	(194)	194	-
Issue of new shares	200	77	-	-	-	277
Balance at 31 March 2008	**3,302**	**1,448**	**1,388**	**193**	**(2,238)**	**4,093**

CONSOLIDATED BALANCE SHEET
As at 31 March 2008

		2008	2007
		£'000	£'000
Assets			
Non current			
Goodwill	5	**591**	200
Other intangible assets		**1,029**	361
Property, plant and equipment		**1,414**	839
		3,034	1,400
Current			
Inventories		**3,547**	2,359
Trade and other receivables		**5,728**	3,446
Cash and cash equivalents		**397**	35
		9,672	5,840
Total assets		**12,706**	7,240
Liabilities			
Current			
Trade and other payables		**(4,709)**	(2,406)
Borrowings		**(2,180)**	(1,798)
Corporation tax		**(273)**	(135)
		(7,162)	(4,339)
Non-current			
Borrowings		**(1,087)**	(70)
Deferred tax		**(364)**	(149)
		(1,451)	(219)
Total liabilities		**(8,613)**	(4,558)
Net assets		**4,093**	2,682
Equity			
Share capital		**3,302**	3,102
Share premium account		**1,448**	1,371
Merger reserve		**1,388**	1,388
Share based charge reserve		**193**	52
Profit and loss account		**(2,238)**	(3,231)
Total equity		**4,093**	2,682

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2008

	2008 **£'000**	2007 £'000
Cash flows from operating activities		
Profit after taxation	**799**	500
Adjustment for:		
Depreciation	**344**	207
Interest charge in income statement	**259**	118
Profit on sale of plant and equipment	**(2)**	(17)
Amortisation charge	**94**	19
Share based charge	**335**	52
Taxation expense recognised in income statement	**174**	235
Increase in trade and other receivables	**(918)**	(134)
Increase in trade payables, other payables and accruals	**1,064**	82
Increase in inventories	**(685)**	(553)
Cash generated from operations	**1,464**	509
Interest paid	**(257)**	(129)
Income taxes paid	**(208)**	(11)
Net cash from operating activities	**999**	369
Cash flows from investing activities		
Acquisition of subsidiaries	**(1,537)**	(2,016)
Cash/(overdraft) acquired from acquisition	**28**	(485)
Purchase of plant and equipment	**(148)**	(254)
Proceeds from sale of plant and equipment	**2**	32
Interest received	**10**	11
Net cash used in investing activities	**(1,645)**	(2,712)
Cash flows from financing activities		
Issue of ordinary share capital	**100**	-
(Repayment)/receipt of short term borrowings	**(244)**	1,389
Proceeds from bank borrowing	**1,400**	-
Fees in relation to bank borrowings	**(37)**	-
Repayment of bank borrowings	**(100)**	-
Payment of finance lease liabilities	**(111)**	(10)
Net cash used in financing activities	**1,008**	1,379
Net increase/(decrease) in cash and cash equivalents	**362**	(964)
Cash and cash equivalents at beginning of year	**35**	999
Cash and cash equivalents at end of year	**397**	35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

1 GENERAL INFORMATION

Tricorn Group plc and its subsidiaries principal activities are specialist engineering incorporating high precision tube manipulation, systems engineering and specialist fittings.

Tricorn Group plc, a Public Limited Company, is incorporated and domiciled in the United Kingdom.

The financial statements for the year ended 31 March 2008 (including the comparative for the year ended 31 March 2007) were approved by the board of directors on 16 June 2008. Amendments to the financial statements are not permitted after they have been approved.

2 ACCOUNTING POLICIES

These consolidated financial statements have been prepared using 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.

The significant accounting policies that have been used in the preparation of these consolidated financial statements and the disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS were summarised in the interim statement for the period ended 30 September 2007.

3 SEGMENTAL REPORTING

The group operates two main business segments:

- Tube Manipulation: the activities undertaken by Tube Manipulation comprise the supply of steel, plastic, titanium, and hybrid tube fabrications and fittings for, amongst others areas, diesel engine, generator set, jet engine and niche automotive applications
- Pipefittings: the Pipefittings sector produces innovative jointing systems for polyethylene pipes, typically within the utility industry.

These activities may be analysed as follows:

	Tube Manipulation	**Pipefittings**	**Total**
	£'000	**£'000**	**£'000**
Year to 31 March 2008			
Revenue	**18,164**	**2,665**	**20,829**
Operating profit	**994**	**667**	**1,661**
Amortisation			(94)
Share based charge			(335)
Finance charge net			(259)
Tax charge			(174)
Profit for the year			**799**
Year to 31 March 2007			
Revenue	10,566	581	11,147
Operating profit	744	300	1,044
Amortisation			(19)
Share based charge			(52)
Restructuring costs			(120)
Finance charge net			(118)
Tax charge			(235)
Profit for the year			500

3 SEGMENTAL REPORTING (CONTINUED)

Further information on the segments are given below:

	Tube Manipulation £'000	Pipefittings £'000	Total £'000
31 March 2008			
Segment assets	11,399	858	12,257
Unallocated assets			449
Consolidated total assets			12,706
Segment liabilities	5,608	703	6,311
Unallocated liabilities			2,302
Consolidated total liabilities			8,613
Capital expenditure	177	66	243
Depreciation	332	12	344
Amortisation	94	-	94
31 March 2007			
Segment assets	6,814	324	7,138
Unallocated assets			102
Consolidated total assets			7,240
Segment liabilities	3,905	178	4,083
Unallocated liabilities			475
Consolidated total liabilities			4,558
Capital expenditure	254	-	254
Depreciation	195	12	207
Amortisation	19	-	19

3 SEGMENTAL REPORTING (CONTINUED)

Segment details by geographic segments are as follows:

	United Kingdom £'000	Europe £'000	Rest of the World £'000	Total £'000
31 March 2008				
Revenue	**16,919**	**2,744**	**1,166**	**20,829**
Assets	**12,706**	**-**	**-**	**12,706**
Liabilities	**(8,613)**	**-**	**-**	**(8,613)**
Net assets	**4,093**	**-**	**-**	**4,093**
Capital additions	**243**	**-**		
31 March 2007				
Revenue	8,556	1,691	900	11,147
Assets	7,240	-	-	7,240
Liabilities	(4,558)	-	-	(4,558)
Net assets	2,682	-	-	2,682
Capital additions	254	-	-	254

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. Shares held in employee share trusts are treated as cancelled for the purposes of this calculation.

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 2008 Weighted average number of shares	**Earnings per share**
	£'000	**Number '000**	**pence**
Basic earnings per share	**799**	**31,228**	**2.56p**
Dilutive shares	**-**	**3,977**	**-**
Diluted earnings per share	**799**	**35,205**	**2.27p**

		31 March 2007 Weighted average number of shares	Earnings per share
	£'000	Number '000	pence
Basic earnings per share	500	31,020	1.61p
Dilutive shares	-	2,885	-
Diluted earnings per share	500	33,905	1.47p

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

		31 March 2008 Weighted average number of	**Earnings per share**
	£'000	**Number '000**	
Basic earnings per share	**799**	**31,228**	**2.56p**
Amortisation of goodwill	**94**	**-**	**-**
Share based payment charge	**335**	**-**	**-**
Tax credit on share options exercised	**(131)**		
Adjusted earnings per share	**1,097**	**31,228**	**3.51p**
Dilutive shares	**-**	**3,977**	**-**
Diluted adjusted earnings per share	**1,097**	**35,205**	**3.12p**

4 EARNINGS PER SHARE

	£'000	31 March 2007 Weighted average number of shares Number '000	Earnings per share pence
Basic earnings per share	500	31,020	1.61p
Amortisation of goodwill	19	-	-
Share based charge	52	-	-
Restructuring costs	120	-	-
Adjusted earnings per share	691	31,020	2.23p
Dilutive shares	-	2,885	-
Diluted adjusted earnings per share	691	33,905	2.04p

5 BUSINESS COMBINATION

On 26 June 2007 Tricorn Group plc acquired 100% of the issued share capital of Maxpower Automotive Limited, a company incorporated in the United Kingdom. The total cost of acquisition includes the following components:

	£'000
Cash	1,350
Contingent consideration	200
Professional fees	187
	1,737

The contingent consideration is payable one year from the date of acquisition based on Maxpower Automotive Limited achieving earnings above an agreed figure.

The amounts recognised for each class of the acquiree's assets, liabilities and contingent liabilities recognised at the acquisition date are as follows:

	Carrying amount £'000	**Adjustments £'000**	**Provisional fair value £'000**
Intangible assets	762	-	762
Plant and equipment	676	-	676
Inventories	503	-	503
Trade and other receivables	1,187	-	1,187
Cash and cash equivalents	28	-	28
Total assets	3,156		3,156
Trade and other payables	(1,029)	-	(1,029)
Current tax	(122)	-	(122)
Finance lease and hire purchase liability	(154)	-	(154)
Invoice discounting	(241)	-	(241)
Deferred tax	(264)	-	(264)
Total liabilities	(1,810)	-	(1,810)
Net assets	1,346	-	1,346
Fair value of purchase consideration			1,737
Goodwill			391

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of Maxpower Automotive Limited which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

Since the acquisition Maxpower Automotive Limited has contributed £104,000 to the group profit for the period to 31 March 2008.

Had the acquisition occurred on 1 April 2007 the revenue and profit for group for the period to 31 March 2008 would have been £22,524,000 and £869,000 respectively.

6 DIVIDEND

The directors do not recommend the payment of a dividend (31 March 2007 No dividend paid).

7 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The group income statement, group statement of changes in equity, the group balance sheet, the group cash flow statement and the associated notes for the year then ended have been extracted from the Group's financial statements. Those financial statements have not yet been delivered to the Registrar.