

Tricorn Group plc

Interim results

Tricorn Group plc, the AIM listed developer and manufacturer of pipe solutions, is pleased to present its interim figures for the period ended 30th September 2008.

Summary of results

	6 months 30 September 2008 £'000	6 months to 30 September 2007 £'000	Year to 31 March 2008 £'000
Sales revenue	12,103	8,797	20,829
Operating profit*	931	768	1,661
Profit before tax*	821	651	1,402
Adjusted earnings per share –	1.83p	1.64p	3.51p

*(before intangible asset amortisation and share based charges)

Highlights

- Further consecutive period of record results
- Operating profit* up 21.2% to £931k (2007 £768k)
- Balance sheet continues to strengthen
- Group well positioned in current economic climate

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Chairman's statement

Once again the six months ended 30 September 2008 have seen the Group deliver record results. Our strategy of operating across a number of industry sectors and markets has helped to ensure profitable growth in a period of economic uncertainty. Operating profit before amortisation and share based charges grew by 21.2% to £931k (2007: £768k). Adjusted earnings per share were up 11.6% at 1.83p (2007: 1.64p). Total interest cover at the half year was 8.5 times, gearing* has further reduced and operating cash flows continue to be positive.

At Malvern Tubular Components sales and orders have been at record levels and have remained strong through the initial months of the second half. This has more than offset the weak market conditions that the Redman Fittings business continues to experience and which were anticipated at the time of the preliminary announcement.

Maxpower Automotive was acquired in June 2007 and half year performance was in line with expectations. Good progress was made moving material spend to low cost country sources with the majority of components now received and approved. There has been some softening of demand as we approach the end of the calendar year and we expect generally softer conditions through the balance of the second half.

At RMDG Aerospace, the order book has remained firm and low cost country sourcing is starting to accelerate. This has continued to be a slower process than within the other businesses due to the lengthy customer approval procedures required in the aerospace sector.

Looking to the future Tricorn continues to be well positioned in what is an increasingly challenging and uncertain economic climate. The second half has started strongly but we do anticipate recent market softening to extend further with full year results toward the lower end of expectations.

Nick Paul, Chairman, 12 December 2008

*Long term debt to equity

Consolidated interim income statement

		6 months to 30 September 2008 £'000	6 months to 30 September 2007 £'000	Year to 3 March 2008 £'000
Revenue	3	12,103	8,797	20,821
Cost of sales		(7,792)	(5,640)	(14,584)
Gross profit		4,311	3,157	6,240
Distribution costs		(559)	(355)	(912)
Administrative costs		(2,821)	(2,034)	(3,672)
Operating profit before amortisation and share based charge		931	768	1,660
Amortisation		(59)	(36)	(94)
Share based charge		-	(26)	(33)
Operating profit		872	706	1,233
Finance income		13	3	1
Finance costs		(123)	(120)	(269)
Profit before tax		762	589	970
Income tax expense		(217)	(143)	(174)
Profit for the period	3	545	446	796

Attributable to:

Equity holders of the parent		<u>545</u>	<u>446</u>	<u>79</u>
Earnings per share:				
Basic earnings per share	4	<u>1.65p</u>	<u>1.44p</u>	<u>2.56</u>
Diluted earnings per share	4	<u>1.54p</u>	<u>1.27p</u>	<u>2.27</u>

Consolidated interim balance sheet

	30	30	31
	September	September	March
	2008	2007	2008
	£'000	£'000	£'000
ASSETS			
Non-current			
Goodwill	591	627	591
Other intangible assets	970	1,087	1,029
Plant and equipment	1,343	1,432	1,414
	<u>2,904</u>	<u>3,146</u>	<u>3,034</u>
Current			
Inventories	4,088	3,215	3,547
Trade and other receivables	5,090	4,516	5,728
Cash and cash equivalents	440	181	397
	<u>9,618</u>	<u>7,912</u>	<u>9,672</u>
Total assets	12,522	11,058	12,706
LIABILITIES			
Current			
Trade and other payables	(4,129)	(3,929)	(4,709)
Borrowings	(1,966)	(1,880)	(2,180)
Corporation tax	(498)	(420)	(273)
	<u>(6,593)</u>	<u>(6,229)</u>	<u>(7,162)</u>
Non-current			
Borrowings	(945)	(1,247)	(1,087)
Deferred tax liabilities	(346)	(428)	(364)
Total non-current liabilities	(1,291)	(1,675)	(1,451)
Total liabilities	(7,884)	(7,904)	(8,613)
Net assets	4,638	3,154	4,093
EQUITY			
Equity attributable to equity holders of the			

parent			
Share capital	3,302	3,102	3,302
Share premium account	1,448	1,371	1,448
Merger reserve	1,388	1,388	1,388
Share based payment reserve	193	78	193
Profit and loss account	(1,693)	(2,785)	(2,238)
Total equity	4,638	3,154	4,093

Consolidated interim statement of changes in equity

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Share based payment reserve £'000	Total £'000
Balance at 31 March 2007	<u>3,102</u>	<u>1,371</u>	<u>1,388</u>	<u>(3,231)</u>	<u>52</u>	<u>2,682</u>
Share based charge	-	-	-	-	26	26
Profit for the period	-	-	-	446	-	446
Total recognised income and expense for the period	-	-	-	446	26	472
Balance at 30 September 2007	<u>3,102</u>	<u>1,371</u>	<u>1,388</u>	<u>(2,785)</u>	<u>78</u>	<u>3,154</u>
Share based charge	-	-	-	-	309	309
Share based charge exercised in period	-	-	-	194	(194)	-
Profit for the period	-	-	-	353	-	353
Total recognised income and expense for the period	-	-	-	547	115	662
Balance at 31 March 2008	<u>3,302</u>	<u>1,448</u>	<u>1,388</u>	<u>(2,238)</u>	<u>193</u>	<u>4,093</u>
Profit for the period	-	-	-	545	-	545
Total recognised income and expense for the period	-	-	-	545	-	545
Balance at 30 September 2008	<u>3,302</u>	<u>1,448</u>	<u>1,388</u>	<u>(1,693)</u>	<u>193</u>	<u>4,638</u>

Consolidated interim cash flow statement

6 months to 30 September	6 months to 30 September	Year to 31 March
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	2008	2007	2008
	£'000	£'000	£'000
Cash flows from operating activities			
Profit after taxation	545	446	799
Adjustments for:			
Depreciation	194	158	344
Interest charge in the income statement	110	117	259
Profit on sale of plant and equipment	-	(2)	(2)
Amortisation charge	59	36	94
Share based charge	-	26	335
Taxation expense recognised in the income statement	217	143	174
Decrease/ (increase) in trade and other receivables	638	93	(918)
Increase in inventories	(541)	(353)	(685)
(Decrease)/increase in trade payables, other payables and accruals	(529)	292	1,064
	—	—	—
Cash generated from operations	693	956	1,464
Interest paid	(122)	(120)	(257)
Income taxes paid	-	-	(208)
	—	—	—
Net cash from operating activities	571	836	999
	—	—	—
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	-	(1,512)	(1,537)
Cash acquired from acquisition	-	28	28
Purchase of property, plant and equipment	(117)	(75)	(148)
Proceeds from sale of equipment	-	2	2
Interest received	12	3	10
	—	—	—
Net cash used in investing activities	(105)	(1,554)	(1,645)
	—	—	—
Cash flows from financing activities			
Issue of ordinary share capital			100
Repayment of short term borrowings	(214)	(517)	(244)
Proceeds from long term borrowings	-	1,500	1,400
Fees in relation to bank borrowings	-	-	(37)
Repayment of bank borrowings	(150)	-	(100)
Payment of finance lease liabilities	(69)	(119)	(111)
	—	—	—
Net cash used in financing activities	(423)	864	1,008
	—	—	—
Net increase in cash and cash equivalents	43	146	362
Cash and cash equivalents at beginning of period	397	35	35
	—	—	—
Cash and cash equivalents at end of period	440	181	397

Notes to the consolidated interim financial statements

1. Nature of operations and general information

Tricorn Group plc and subsidiaries' (the 'Group') principal activities include the development and manufacturing of pipe solutions to a growing and increasingly international customer base.

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. The products supplied to the last four sectors share common means of production and are classified as 'Tube Manipulation'. Refer to note 3 for further information about Tricorn Group's operating segments.

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, United Kingdom. Tricorn Group plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

These consolidated interim financial statements have been approved for issue on 12 December 2008 by the Board of Directors. Under the security regulations act of the EU, 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 Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 March 2008 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 237(2) of the Companies Act 1985.

2. Basis of preparation

These interim consolidated financial statements are for the six months ended 30 September 2008. 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 2008.

These consolidated interim financial statements have been prepared under the historical cost convention.

These consolidated interim financial statements (the interim financial statements) have been prepared in, and in accordance with, the accounting policies set out in the Group's 31 March 2008 statutory accounts.

3. Segment analysis

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.

The revenues and net result generated by each of the group's business segments are summarised as follows:

6 months to 30 September 2008

	Tube manipulation	Pipefittings	Total
	£'000	£'000	£'000
Revenue	11,231	872	12,103
Profit after tax	<u>380</u>	<u>165</u>	<u>545</u>

6 months to 30 September 2007

	Tube manipulation	Pipefittings	Total
	£'000	£'000	£'000
Revenue	7,661	1,136	8,797
Profit after tax	<u>226</u>	<u>220</u>	<u>446</u>

Year to 31 March 2008

	Tube manipulation	Pipefittings	Total
	£'000	£'000	£'000
Revenue	18,164	2,665	20,829
Profit after tax	<u>234</u>	<u>565</u>	<u>799</u>

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.

	30 September 2008	
	Weighted average number of shares	Earnings per share
Profit £'000	Number '000	pence

Basic earnings per share	545	33,020	1.65p
Dilutive shares	-	2,435	-
Diluted earnings per share	545	35,455	1.54p

	Profit £'000	30 September 2007 Weighted average number of shares Number '000	Earnings per share pence
Basic earnings per share	446	31,020	1.44p
Dilutive shares	-	4,060	-
Diluted earnings per share	446	35,080	1.27p

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

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

	Profit £'000	30 September 2008 Weighted average number of shares Number '000	Earnings per share pence
Basic earnings per share	545	33,020	1.65p
Amortisation	59	-	-
Share based charge	-	-	-
Adjusted earnings per share	604	33,020	1.83p
Dilutive shares	-	2,435	-
Diluted earnings per share	604	35,455	1.70p

	Profit £'000	30 September 2007 Weighted average number of shares Number '000	Earnings per share pence
Basic earnings per share	446	31,020	1.44p
Amortisation	36	-	-
Share based charge	26	-	-
Adjusted earnings per share	508	31,020	1.64p
Dilutive shares	-	4,060	-
Diluted earnings per share	508	35,080	1.45p

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

5. Dividends

The Directors do not recommend the payment of a dividend (2008: nil).