

Tricorn Group plc Preliminary Results 2005/6

Tricorn Group plc today announced its results for the year ended 31 March 2006.

	2006 £'000	2005 £'000	Change %
Sales	6,202	6,075	+2.1
Operating Profit*	654	279	+134.4
Operating Cash flow	935	315	+196.8
Adjusted earnings per share**	2.06p	0.33p	+524.2

* before goodwill amortisation

** basic earnings per share before 2005 exceptional item

The year ended 31st March 2006 has seen encouraging results for the **Tricorn Group** with **operating profit exceeding 10% of sales** for the first time and operating **cash flow reaching 146% of operating profit**. Adjusted basic earnings per share were **2.06p**. (2005: 0.33p)

The core business **Malvern Tubular Components** (MTC, our tube manipulation specialist) grew by 6% primarily through market share gains. This progress was assisted by the MTC factory achieving record levels of quality and delivery reliability to our customers during the year as part of our focus on improving customer value.

Productivity in the MTC factory improved by a further 15% during the year and we continued to extend our component purchases in lower cost countries as another arm of our drive to continually reduce our cost base.

Redman Fittings (Redman) moved into profit for the first time in the last six months of the year as improved product designs and operational processes took effect. This was despite a small drop in sales as the water industry activity dropped sharply following the regulatory review. Activity is now

returning to normal levels and Redman is expected to make a useful contribution to Group profits going forward.

ISS our small design consultancy for the water industry successfully completed its design project for a Pipe Line Inspection Vehicle and returned a profit for the year. We have now decided to combine ISS and Redman as one water industry focussed company employing the design expertise of ISS to support the fittings program and withdrawing from external design consultancy.

We have today announced the acquisition of **Tecalemit Aerospace** for the cash consideration of **£1.6m**. Tecalemit is a tube manipulating company similar to MTC but specialising in the Aerospace industry as opposed to MTC's focus on the Power Generation sector. In 2005 Tecalemit had sales of **£4.6m** and profit before tax of **£4k**.

The lessons and techniques used to drive forward the MTC performance will now be used to develop the Tecalemit business and this together with the very strong outlook for growth in the Aerospace sector make Tecalemit a very attractive add-on to the Tricorn Group.

The **outlook** for Group as a whole remains very positive with the power generation sector remaining strong, aerospace expanding and our drive for reduced costs continuing to be successful. We will continue to look for acquisition opportunities where the Tricorn Management expertise can add significant value.

CONSOLIDATED SUMMARISED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2006

	Note	2006 Total £'000	2005 Total £'000
Turnover		6,202	6,075
Cost of sales		<u>(3,220)</u>	(3,386)
Gross profit		2,982	2,689
Distribution costs		(261)	(215)
Administrative expenses before goodwill amortisation		(2,067)	(2,195)
Goodwill amortisation		(15)	(15)
Total administrative expenses		(2,082)	(2,210)
Operating profit before goodwill amortisation		654	279
Goodwill amortisation		(15)	(15)
Operating profit		639	264
Loss on disposal of discontinued operation		-	(432)
Interest receivable		23	11
Interest payable and similar charges		<u>(61)</u>	(99)
Profit/(loss) on ordinary activities before taxation		601	(256)
Tax on profit/(loss) on ordinary activities	2	37	(73)
Retained profit/(loss) on ordinary activities after taxation	4	638	<u>(329)</u>
Earnings/(loss) per ordinary share			
- basic	3	2.06p	(1.06p)
- diluted		2.05p	
Earnings per ordinary share prior to loss on disposal of discontinued operation			
- basic	3	2.06p	0.33p
- diluted		2.05p	

There were no recognised gains or losses other than the loss for the financial year.

CONSOLIDATED SUMMARISED BALANCE SHEET AT 31 MARCH 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Intangible assets		60	75
Tangible assets		<u>544</u>	<u>685</u>
		<u>604</u>	<u>760</u>
Current assets			
Stocks		578	721
Debtors		1,464	1,553
Cash in bank and in hand		<u>998</u>	<u>261</u>
		3,040	2,535
Creditors:			
Amounts falling due within one year		<u>(1,384)</u>	<u>(1,647)</u>
Net current assets		<u>1,656</u>	<u>888</u>
Total assets less current liabilities		2,260	1,648
Creditors:			
Amounts falling due after more than one year		(75)	(86)
Provisions for liabilities and charges		(55)	(73)
		<u>2,130</u>	<u>1,489</u>
Capital and reserves			
Called up share capital		3,102	3,100
Share premium account		1,371	1,371
Merger reserve		1,388	1,388
Profit and loss account		<u>(3,731)</u>	<u>(4,370)</u>
Equity shareholders' funds	4	<u>2,130</u>	<u>1,489</u>

CONSOLIDATED SUMMARISED CASH FLOW STATEMENT
For the year ended 31 March 2006

	Note	2006 £'000	2005 £'000
Net cash inflow from operating activities	5	935	315
Returns on investments and servicing of finance			
Interest received		23	11
Interest paid		(46)	(82)
Finance lease and hire purchase interest paid		(15)	(17)
Net cash outflow from returns on investments and servicing of finance		<u>(38)</u>	<u>(88)</u>
Taxation		41	76
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(30)	(80)
Receipts from sale of tangible fixed assets		11	11
Net cash outflow from capital expenditure and financial investment		<u>(19)</u>	<u>(69)</u>
Acquisitions and disposals			
Sale of business		<u>-</u>	<u>86</u>
Net cash inflow before financing		919	320
Management of liquid resources			
Funds deposited on treasury reserve		(915)	-
Financing			
Issue of ordinary share capital		2	-
Repayment of loans		-	(240)
Capital element of finance lease rentals		(69)	(79)
Net cash outflow from financing		<u>(67)</u>	<u>(319)</u>
(Decrease)/increase in cash	6	<u><u>(63)</u></u>	<u><u>1</u></u>

NOTES TO THE PRELIMINARY ANNOUNCEMENT
For the year ended 31 March 2006

1. Basis of Preparation

The preliminary announcement has been prepared under the historical cost convention, on bases consistent with the previous year, and in accordance with applicable accounting standards.

The principal accounting policies of the Group are set out in the Group's 2006 annual report and financial statements.

2. Taxation (credit)/charge on profit/(loss) on ordinary activities

	2006	2005
	£'000	£'000
Current corporation tax	22	-
Adjustment in respect of prior year - research and development tax credit	(41)	-
Total current tax	(19)	-
Deferred taxation	(18)	73
	<u>(37)</u>	<u>73</u>

Unrealised tax losses of approximately £860,000 (2005: £1,020,000) remain available to offset against future taxable trading profits.

3. Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) on ordinary activities after tax and on the weighted average number of ordinary shares in issue during the year. The adjusted earnings per share is calculated excluding the impact of the loss on disposal of discontinued operations.

The profits/(losses) and weighted average number of shares used in the calculations are set out below:

	2006			2005		
	Profit	Weighted	Earnings	Loss	Weighted	Loss per
	£'000	average number	per share	£'000	average number	share
		of shares	pence		of shares	pence
Basic earnings/(loss) per share	<u>638</u>	<u>31,000,641</u>	<u>2.06</u>	(329)	31,000,000	(1.06)
Loss on disposal of discontinued operations				431		1.39
Adjusted earnings per share	<u>638</u>	<u>31,000,641</u>	<u>2.06</u>	<u>102</u>	<u>31,000,000</u>	<u>0.33</u>

The share options in issue are dilutive in 2006 and anti-dilutive in 2005.

The diluted earnings per share is calculated as follows:

	2006		
	Profit	Weighted	Earnings
	£'000	average number	per share
		of shares	pence
Basic earnings per share	<u>638</u>	<u>31,000,641</u>	<u>2.06</u>
Dilutive shares		<u>187,053</u>	
Diluted earnings per share	<u>638</u>	<u>31,187,694</u>	<u>2.05</u>

4. Reconciliation of movements in shareholders' funds

	2006	2005
	£'000	£'000
Profit/(loss) for the year	639	(329)
Issue of shares	2	-
Net increase/(reduction) in shareholders' funds	<u>641</u>	<u>(329)</u>
Shareholders' funds at 31 March 2005	1,489	1,818
Shareholders' funds at 31 March 2006	<u>2,130</u>	<u>1,489</u>

5. Reconciliation of operating profit to net cash inflow from operating activities

	2006	2005
	£'000	£'000
Operating profit	639	264
Depreciation	194	163
Amortisation	15	15
Loss on sale of tangible fixed assets	2	3
Decrease/(increase) in stocks	143	(50)
Decrease/(increase) in debtors	89	(310)
(Decrease)/increase in creditors	<u>(147)</u>	<u>230</u>
Net cash inflow from operating activities	<u>935</u>	<u>315</u>

6. Reconciliation of net cash flow to movement in net debt

	2006	2005
	£'000	£'000
(Decrease)/increase in cash	(63)	1
Cash used to repay capital element of finance lease and hire purchase agreements	69	79
Cash outflow from movement in loans	-	240
Increase in liquid funds	<u>915</u>	<u>-</u>
	921	320
New finance leases and hire purchase contracts	<u>(35)</u>	<u>(114)</u>
Movement in net debt	886	206
Net debt at 1 April 2005	<u>(376)</u>	<u>(582)</u>
Net funds/(debt) at 31 March 2006	<u>510</u>	<u>(376)</u>

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 summarised balance sheet at 31 March 2006, and the summarised profit and loss account, summarised cash flow statement and associated notes for the year then ended have been extracted from the Group's statutory financial statements upon which the auditors opinion is unqualified and does not include any statement under Section 237 of the Companies Act 1985.

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