

Tricorn Group plc Preliminary Results 2006/07

Tricorn Group plc today announced its results for the year ended 31 March 2007.

	2007 £'000	2006 £'000	Change %
Sales	11,147	6,202	+79.7
Operating Profit*	1,044	654	+59.6
Operating Profit after Rationalisation costs	924	654	+41.3
Adjusted earnings per share*	2.63p	2.11p	+24.6

* before rationalisation, goodwill amortisation and FRS20 charges

The year ended 31st March 2007 has seen **record results** for the Group as we move forward with our strategy to expand both organically and by acquisition. **Operating Profit** (before tax, goodwill amortisation, FRS 20 charges and restructuring costs) **grew by 59.6% to £1,044k (2006: £654k)**. Adjusted basic earnings per share were **2.63p** (2006: 2.11p) a growth of **24.6%**.

Malvern Tubular Components saw growth in turnover of **16%** in the year through a combination of expanding within existing customers and gaining new accounts. We continued to focus on improving customer overall value and further extended our component purchases from lower cost countries.

Redman Fittings saw growth in turnover of **61%** as the product was taken up by new customers in the water industry and the company made a useful contribution to Group profits. The outlook for this product in the current year is particularly encouraging.

At **RMDG Aerospace** it was a year of change as we invested £120k in rationalising the organisation and also completely reorganised the shopfloor to improve workflow and productivity. Productivity had improved by over 15% by the year end and our delivery performance to customers had improved to world class levels.

We continued our drive to move component purchases to lower cost countries and we expect to dramatically increase supplies from this area in the coming year.

Following the restructuring programme RMDG Aerospace is expected to make a significant contribution to Group profits in the current year.

We have today announced the acquisition of **Maxpower Automotive** for the cash consideration of **£1.55m**. Maxpower Automotive is a tube manipulating company supplying primarily off highway and niche automotive producers. Whilst the company majors on steel tube manipulation similar to MTC they have also developed a market for plastic tube forming. Of particular note is a unique plastic/steel hybrid product they have developed which is ideal for high temperature environments where weight is at a premium.

In the year ending March 2006 Maxpower had sales of **£5.3m** and profit before tax of **£70k**. The lessons and techniques used to drive MTC performance will now be used to develop the Maxpower business.

The **outlook** for the Group remains very positive with all our key market sectors remaining strong and our drive for reduced cost continuing to be successful.

We will continue to look for acquisition opportunities where the Tricorn Group expertise can add significant value.

CONSOLIDATED SUMMARISED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2007

	Note	Continuing operations		2007	2006
		£'000	Acquisition £'000	Total £'000	Total £'000
Turnover		6,812	4,335	11,147	6,202
Cost of sales		<u>(3,363)</u>	<u>(3,424)</u>	<u>(6,787)</u>	<u>(3,220)</u>
Gross profit		3,449	911	4,360	2,982
Distribution costs		(402)	(49)	(451)	(261)
Administrative expenses before goodwill amortisation, restructuring costs and share based payments		(2,075)	(790)	(2,865)	(2,067)
Amortisation of goodwill		(15)	(45)	(60)	(15)
Restructuring costs		-	(120)	(120)	-
Share based payments		(52)	-	(52)	-
Total administrative expenses		(2,142)	(955)	(3,097)	(2,082)
Operating profit before goodwill amortisation, restructuring costs and share based payments		972	72	1,044	654
Amortisation of goodwill		(15)	(45)	(60)	(15)
Restructuring costs		-	(120)	(120)	-
Share based payments		(52)	-	(52)	-
Operating profit/(loss)		905	(93)	812	639
Interest receivable				11	23
Interest payable and similar charges				<u>(129)</u>	<u>(62)</u>
Profit on ordinary activities before taxation				694	600
Tax on profit on ordinary activities	2			(110)	38
Retained profit on ordinary activities after taxation	4			<u>584</u>	<u>638</u>

Earnings per ordinary share			
- basic	3	1.88p	2.06p
- diluted		1.72p	2.05p
Adjusted earnings per ordinary share			
- basic	3	2.63p	2.11p
- diluted		2.41p	2.09p

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

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

**CONSOLIDATED SUMMARISED BALANCE SHEET AT 31 MARCH
2007**

	Note	2007 £'000	2006 £'000
Fixed assets			
Intangible assets		537	60
Tangible assets		<u>839</u>	<u>543</u>
		<u>1,376</u>	<u>603</u>
Current assets			
Stocks		2,359	578
Debtors		3,446	1,464
Cash in bank and in hand		<u>35</u>	<u>999</u>
		5,840	3,041
Creditors:			
Amounts falling due within one year		<u>(4,339)</u>	<u>(1,384)</u>
Net current assets		<u>1,501</u>	<u>1,657</u>
Total assets less current liabilities		2,877	2,260
Creditors:			
Amounts falling due after more than one year		(70)	(75)
Provisions for liabilities and charges		<u>(41)</u>	<u>(55)</u>
		<u>2,766</u>	<u>2,130</u>
Capital and reserves			
Called up share capital		3,102	3,102
Share premium account		1,371	1,371
Other reserve		52	-
Merger reserve		1,388	1,388
Profit and loss account		<u>(3,147)</u>	<u>(3,731)</u>
Equity shareholders' funds	4	<u>2,766</u>	<u>2,130</u>

**CONSOLIDATED SUMMARISED CASH FLOW
STATEMENT**

For the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	5	509	936
Returns on investments and servicing of finance			
Interest received		11	23
Interest paid		(119)	(47)
Finance lease and hire purchase interest paid		(10)	(15)
Net cash outflow from returns on investments and servicing of finance		(118)	(39)
Taxation		(11)	41
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(254)	(30)
Receipts from sale of tangible fixed assets		32	11
Net cash outflow from capital expenditure and financial investment		(222)	(19)
Acquisitions and disposals			
Purchase of business	7	(2,016)	-
Net overdrafts acquired		(485)	-
Net cash outflow from acquisitions and disposals		(2,501)	-
Net cash (outflow)/inflow before financing		(2,343)	919
Management of liquid resources			
Funds withdrawn/(deposited) on treasury reserve		915	(915)
Financing			
Issue of ordinary share capital		-	2
Capital element of finance lease rentals		(10)	(70)
Net cash outflow from financing		(10)	(68)
Decrease in cash	6	(1,438)	(64)

NOTES TO THE PRELIMINARY ANNOUNCEMENT
For the year ended 31 March 2007

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 2007 annual report and financial statements.

In preparing the financial statements for the current year, the Group has adopted the following Financial Reporting Standard:

FRS 20 'Share-based payment' - whereby all share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

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

	2007	2006
	£'000	£'000
Current corporation tax	136	22
Adjustment in respect of prior year - research and development tax credit	(12)	(41)
Total current tax	124	(19)
Deferred taxation	(14)	(19)
	110	(38)

Unrealised tax losses of approximately £254,000 (2006: £596,000) remain available to offset against future taxable trading profits.

3. Earnings per share

The calculation of the basic earnings per share is based on the profit on ordinary activities after tax and on the weighted average number of ordinary shares in issue during the year.

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

	2007			2006		
	Profit	Weighted	Earnings per	Profit	Weighted	Earnings
	£'000	average number	share	£'000	average	per
		of shares	share		number	share
		000's	pence		of shares	per
					000's	share
						pence
Basic earnings per share	584	31,020	1.88	638	31,001	2.06
Dilutive shares	-	2,885	-	-	187	-

Diluted earnings per share	584	33,905	1.72	638	31,188	2.05
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The share options in issue in 2007 and 2006 are dilutive. The 300,000 share options granted in January 2002 are anti-dilutive due to the exercise price being in excess of the average market price during the year.

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

	2007			2006		
	Profit £'000	Weighted average number of shares 000's	Earnings per share pence	Profit £'000	Weighted average number of shares 000's	Earnings per share pence
Basic earnings per share	584	31,020	1.88	638	31,001	2.06
Amortisation of goodwill	60	-	-	15	-	-
Restructuring costs	120	-	-	-	-	-
Share based payments	52	-	-	-	-	-
Diluted earnings per share	816	31,020	2.63	653	31,001	2.11
Dilutive shares	-	2,885	-	-	187	-
Diluted earnings per share	816	33,905	2.41	653	31,188	2.09

4. Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Profit for the year	584	638
Issue of shares	-	2
Movement in share based payment reserve	<u>52</u>	<u>-</u>
Net increase in shareholders' funds	636	640
Shareholders' funds at 31 March 2006	<u>2,130</u>	<u>1,490</u>
Shareholders' funds at 31 March 2007	<u>2,766</u>	<u>2,130</u>

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

	2007 £'000	2006 £'000
Operating profit	812	639
Depreciation	207	195
Amortisation	60	15
(Profit)/loss on sale of tangible fixed assets	(17)	2
Movement on share based payments	52	-
(Increase)/decrease in stocks	(553)	143
(Increase)/decrease in debtors	(134)	89
Increase/(decrease) in creditors	<u>82</u>	<u>(147)</u>
Net cash inflow from operating activities	<u>509</u>	<u>936</u>

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

	2007 £'000	2006 £'000
Decrease in cash	(1,438)	(64)

Cash used to repay capital element of finance lease and hire purchase agreements	10	70
(Decrease)/increase in liquid funds	<u>(915)</u>	<u>915</u>
	(2,343)	921
New finance leases and hire purchase contracts	<u>-</u>	<u>(35)</u>
Movement in net debt	(2,343)	886
Net funds/(debt) at 1 April 2006	<u>510</u>	<u>(376)</u>
Net (debt)/funds at 31 March 2007	<u>(1,833)</u>	<u>510</u>

7. Acquisitions

On 12 June 2006 the Group acquired 100% of the issued share capital of Robert Morton DG Limited (formerly Robert Morton Holdings Limited) for a consideration of £1.929m.

The following table sets out the book values of the identifiable assets and liabilities and their fair value to the group.

	Book value £'000	Fair value adjustments £'000	Fair value to group £'000
Fixed assets	388	(124)	264
Stocks	1,474	(246)	1,228
Debtors	1,848	-	1,848
Bank	77	-	77
Invoice discounting facility	(562)	-	(562)
Creditors	(1,310)	(66)	(1,376)
Net increase in shareholders' funds	<u>1,915</u>	<u>(436)</u>	1,479
Goodwill			<u>537</u>
			<u>2,016</u>
Satisfied by:			
Cash consideration			1,929
Costs incurred			<u>87</u>
			<u>2,016</u>

The fair value adjustments relate to fixed assets which were surplus to requirements and therefore impaired, and also bringing stocks and creditors in line with group policies and writing off surplus stock.

Prior to the acquisition of Tecalemit Aerospace Limited (subsequently renamed RMDG Aerospace Limited) the profit/(loss) of the previous accounting periods are stated below:

Period ended 31 May 2006 £'000	Year ended 31 December 2005 £'000
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Turnover

	2,394	4,688
Cost of sales	<u>2,675</u>	<u>4,676</u>
Operating (loss)/profit	(281)	12
Net interest	<u>(4)</u>	<u>(8)</u>
(Loss)/profit on ordinary activities before taxation	(285)	4
Taxation	-	-
(Loss)/profit on ordinary activities after taxation	<u><u>(285)</u></u>	<u><u>4</u></u>

8. 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 2007, 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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