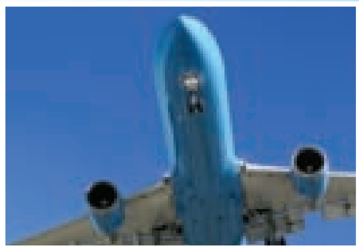
Tricorn Group plc



pipe solutions

Annual Report and Accounts

07

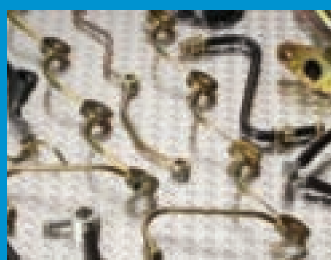
Our **Group**

AIM listed in 2001 Tricorn Group plc is the holding company for a group of companies that develop and manufacture pipe solutions to a growing and increasingly international customer base.

Under a new senior management team the Group has been significantly reshaped and refocused over the last 4 years. Costs continue to be reduced and, combined with the emphasis placed on customer satisfaction, the Group is well positioned for further success.

Key **Markets** Sectors

The customer base includes major blue chip companies with world-wide activities operating in key market sectors including:-



Power Generation

Manipulated tubular assemblies in steel, plastic and plastic/steel hybrids for major diesel engine, generator set and radiator manufacturers

Aerospace

Rigid tube assembles in stainless steel, titanium for civil jet engines, military jet engines, aircraft fuselage and landing gear applications

Off Highway

Tubular assemblies and fabrications for off highway applications including earth moving vehicles, diesel engines and fuel sender sub-systems

Automotive

Niche Automotive Premier 4X4 vehicles, fuel sender systems and passenger vehicles

Year in brief

- Record results
- Operating profit* up 59.6% to £1,044k
- Adjusted earnings per share up 24.6% to 2.63p
- Strong underlying growth
- Acquisition of Maxpower Automotive

*before rationalisation, goodwill amortisation and FRS 20 charges

pipe solutions

Contents

Chairman's Statement

The year ended 31 March 2007 has seen record results

The year ended 31 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%. Basic earnings per share before one off adjustments has decreased from 2.06p to 1.88p per share.

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 restructuring 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.

On June 26th we announced the acquisition of Maxpower Automotive Limited 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.

Finally, I would like to thank our employees, customers, suppliers and shareholders for their continuing support.

Nick Paul
Chairman
31 July 2007

Company Information

Company registration number:	1999619
Registered office:	Spring Lane Malvern Link Malvern Worcestershire WR14 1DA
Directors:	Nicholas Campbell Paul (Chairman and Non-Executive Director) Steven William Cooper (Chief Executive) Michael Ian Welburn (Group Sales Director) Noel Silverthorne (Technical Director) Roger Allsop (Non-Executive Director) Jeffrey Rubins F.C.A. (Non-Executive Director)
Secretary:	Michael Greensmith
Nominated Adviser and Broker:	Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR
Bankers:	National Westminster Bank plc 1st Floor St John's House Church Street Bromsgrove Worcestershire B61 8DN
Solicitors:	Orme & Slade Limited National Westminster Bank Chambers The Homend Ledbury Herefordshire HR8 1AB
Auditors:	Grant Thornton UK LLP Registered Auditors Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ
Registrars:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 March 2007.

Principal activity

Tricorn Group plc is the parent company of a group of specialist engineering subsidiaries whose activities incorporate high precision tube manipulation, systems engineering and specialist fittings.

Business review

A review of the progress of the Group during the year, and its prospects for the future, are included in the Chairman's report.

There was a profit for the year after taxation amounting to £584,000 (2006: £638,000). The Directors do not recommend the payment of a dividend.

Financial risk management objectives and policies

The Group's principal financial instruments comprise an invoice discounting facility, hire purchase and finance lease contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Group does not enter into derivative transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, commodity price risk, foreign currency risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The Group finances specific large plant acquisitions via hire purchase or finance lease contracts.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of deposits, overdrafts, invoice discounting and finance lease and hire purchase contracts. Money on deposit is held on treasury reserve, partly to finance working capital and also to help finance future acquisitions.

Commodity price risk

The Group's exposure to the price of steel is high, therefore selling prices are monitored regularly to reduce the impact of such risk and opportunities to reduce material costs are explored constantly. The Group has partly responded to this risk by sourcing materials in low cost countries.

Foreign currency risk

Certain purchases are made in foreign currencies, but the Group's sales are all within the United Kingdom and consequently the Group is not significantly exposed to currency risk. The Group does not hedge any transactions, and foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the profit and loss account of the Group.

Credit risk

The Group trades with only recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Directors

The present membership of the Board is set out below. All served on the Board throughout the year.

The interests of the Directors and their families in the shares of the Company as at 1 April 2006 and 31 March 2007 were as follows:

	Ordinary shares of 10p each	
	2007	2006
N C Paul	**300,000**	300,000
J Rubins (1,423,334 beneficial, 76,666 non beneficial)	**1,500,000**	1,500,000
R Allsop (10,520,000 beneficial, 700,000 non beneficial)	**11,220,000**	11,220,000
S W Cooper	**200,000**	200,000
M I Welburn	**100,000**	100,000
N Silverthorne	**41,250**	41,250

Details of directors' share options are provided in the report on corporate governance.

Substantial shareholdings

Apart from the interests of Directors the only interests in excess of 3% of the issued share capital of the Company, which have been notified as at 1 June 2007 were as follows:

	Ordinary shares of 10p each	Percentage of capital
Gartmore Investment Limited	**3,122,692**	**10.07%**
Hargreave Hale Limited	**5,218,000**	**16.83%**
Rock Nominees Limited (Account 500112)	**1,370,150**	**4.42%**

Creditor payment policy

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group companies and their suppliers, provided that all trading terms and conditions have been complied with.

At 31 March 2007 the Group had an average of 61 days (2006: 58 days) purchases outstanding with third party trade creditors.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements the Directors are required to:

– select suitable accounting policies and then apply them consistently

– make judgements and estimates that are reasonable and prudent

– state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

– there is no relevant audit information of which the Company's auditors are unaware; and

– the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

By order of the Board

M I Welburn
Director

31 July 2007

Corporate Governance

The Group has, since admission to AIM in December 2001, applied principles of corporate governance commensurate with its size.

Directors

The Directors support the concept of an effective Board leading and controlling the Group. The Board is responsible for approving the Group's policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Board consists of three executive Directors, who hold the key operational positions in the Group and three non-executive Directors, who bring a breadth of experience and knowledge. This provides a balance whereby the Board's decision making cannot be dominated by an individual. The Chairman of the Board is N C Paul and the other non-executive directors are R Allsop and J Rubins. The Board approve the strategic decisions of the Group. The Group's business is run on a day to day basis by S W Cooper, M I Welburn and N Silverthorne with S W Cooper having overall responsibility as the Chief Executive.

Relations with shareholders

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

An audit committee has been established comprising the non-executive Directors, chaired by J Rubins, which will meet at least twice per annum and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on as well as meeting the auditors and reviewing any reports from the auditors regarding accounts and internal control systems.

The Board has considered the need for an internal audit function but has decided the size of the Group does not justify it at present. However, it will keep the decision under annual review.

Board structure

The key features of the Group's system of governance are as follows:

– the Group is headed by an effective Board, which leads and controls the Group;

– there is a clear division of responsibilities in running the Board and running the Group's business;

– the Board includes a balance of executive and non-executive Directors; and

– the Board receives and reviews on a timely basis financial and operating information appropriate to be able to discharge its duties.

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. For this reason they continue to adopt the going concern basis in preparing the financial statements.

International financial reporting standards ("IFRS")

The Board acknowledges that the London Stock Exchange (LSE) issued revised AIM rules in December 2005, which allows AIM companies to continue to prepare their annual audited accounts in accordance with UK GAAP or IFRS. The Board is also aware that the LSE have indicated that it will require AIM listed companies to use IFRS for accounting periods commencing on or after 1 January 2007.

The Board have plans in place to publish their interim results for the six months to 30 September 2007 under IFRS, with comparatives within the deadline for publication of the interim results.

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The Group operates within a competitive environment, performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation.

Policy on executive directors' remuneration

Detail of individual Directors' remuneration is set out in note 2 to the financial statements. The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary and reflects the Directors' responsibilities. A separate remuneration committee has been established comprising the non-executive Directors and is chaired by R Allsop.

Basic annual salary

The Remuneration Committee reviews each Executive Director's basic salary annually. In deciding upon appropriate levels of remuneration the Board believes that the Group should offer levels of base pay reflecting individual responsibilities and commensurate with similar jobs in other business sectors.

Annual bonus payments, benefits and pension arrangements

N Silverthorne shares in a performance related bonus arrangement within Malvern Tubular Components Limited. M I Welburn receives a performance related bonus through Tricorn Group plc.

M I Welburn and N Silverthorne benefit from the provision of private medical insurance.

M I Welburn and N Silverthorne benefit from the provision of company cars.

M I Welburn and N Silverthorne participate in a contributory pension scheme.

S W Cooper, R Allsop, N C Paul and J Rubins receive no benefits in kind.

Notice periods

S W Cooper, M I Welburn, N Silverthorne and R Allsop have service agreements with the Group which are terminable on not less than 12 months notice given by either party to the other at any time.

N C Paul and J Rubins have letters of appointment with the Company which are terminable upon 6 months' written notice being given by either party.

Share option incentives

The Company has adopted a number of individual unapproved and enterprise management scheme share option agreements to motivate and retain key personnel of the Group.

At 31 March 2007, the following options were held by the Directors:

	At beginning of period Number	Lapsed during the year Number	Granted during the year Number	**At end of period Number**	Exercise price £
Unapproved share options					
N C Paul	200,000	–	–	**200,000**	0.30
J Rubins	100,000	–	–	**100,000**	0.30
S W Cooper	–	–	929,578	**929,578**	0.1775
M I Welburn	–	–	306,339	**306,339**	0.1775
Enterprise management scheme (EMI) options					
S W Cooper	1,000,000	–	–	**1,000,000**	0.10
M I Welburn	750,000	–	–	**750,000**	0.10
N Silverthorne	200,000	–	–	**200,000**	0.10
N Silverthorne	150,000	–	–	**150,000**	0.20
S W Cooper	–	–	70,422	**70,422**	0.1775
M I Welburn	–	–	193,661	**193,661**	0.1775

N C Paul's and J Rubins' options are exercisable between 1 January 2002 and 31 December 2009. The unapproved share options granted on 30 November 2006, over 929,578 shares for S W Cooper and 306,339 shares for M I Welburn, are to be exercisable at 17.75p per share once the mid-market price has been maintained at 30p per share or greater for ten consecutive working days.

Corporate Governance continued

No performance conditions apply to these unapproved share options.

The approved share options in existence at the start of the year for S W Cooper and M I Welburn were implemented on 1 November 2004. Further share options were granted to these directors on 27 July 2006.

S W Cooper's EMI share options are to be exercisable in tranches. The first option over 500,000 ordinary shares is to be exercisable before 31 October 2014 at a price of 10p per share with no performance conditions attached. The second option over 250,000 shares is to be exercisable at 10p per share once the mid-market price has been maintained at 20p per share or greater for ten consecutive working days. The third option over 250,000 shares is to be exercisable at 10p per share once the mid-market price has been maintained at 30p per share or greater for ten consecutive working days. The fourth option, granted on 27 July 2006, over 70,422 shares is to be exercisable at 17.75p per share once the mid-market price has been maintained at 30p per share or greater for ten consecutive working days. All subsequent share disposals are to be limited to one third of the option in any given year without prior Board approval.

M I Welburn has three separate EMI share options. The first option is over 500,000 ordinary shares which is exercisable at 10p per share after 12 months continuous employment and will remain in force for ten years. The second option over 250,000 shares is to be exercisable at 10p per share once the mid-market price has been maintained at 20p per share or greater for ten consecutive working days. The third option, granted on 27 July 2006 over 193,661 shares is to be exercisable at 17.75p per share once the mid-market price has been maintained at 30p per share or greater for ten consecutive working days. All subsequent share disposals will be limited to one third of the option in any given year without prior Board approval.

N Silverthorne was granted an EMI option on his appointment as a director of the Company, effective 1 December 2004. This option is over 200,000 ordinary 10p shares and will remain in force for ten years. He also had 150,000 EMI options prior to his appointment as a director which are exercisable at 20p per share. None of the options has performance conditions attached to them.

The exercise periods for share options were set by the Remuneration Committee in order to incentivise and retain key executives.

The market price of the Company's shares at 31 March 2007 was 23.5p and the range during the year was 14.5p to 28.5p.

Report of the Independent Auditors

to the members of Tricorn Group plc

We have audited the Group and Parent Company financial statements (the "financial statements") of Tricorn Group plc for the year ended 31 March 2007 which comprise the principal accounting policies, the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement and notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Report of the Directors and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Parent Company's affairs as at 31 March 2007 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2007.

GRANT THORNTON UK LLP
Registered Auditors
Chartered Accountants
Birmingham

31 July 2007

Principal Accounting Policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

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

FRS 20 'Share-based payment'

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.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "other reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Turnover

Turnover is the total amount receivable by the Group which is recognised on delivery of goods supplied and the date when services are provided, excluding VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Revenue from services provided by the Group is recognised when the Group has performed its obligations and in exchange obtained the right to consideration.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. Where subsidiary companies are disposed of during the period, the profit or loss attributable to shareholders includes the profits or losses to the date of disposal.

Goodwill

Positive goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its useful economic life which is determined separately for each acquisition. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Purchased goodwill first accounted for in accounting periods ending before 23 December 1998, the implementation date of Financial Reporting Standard No 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost in annual instalments over the estimated useful lives of the assets. The rate of depreciation is as follows:

Plant and machinery	–	10% to 33.3% per annum
Motor vehicles	–	20% per annum

Investments
Investments are stated at cost less provision for any impairment write down. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of section 131 of the Companies Act 1985 apply, cost represents the nominal value of shares issued together with the fair value of any additional consideration given and costs.

Stocks and work in progress
Stocks and work in progress are stated at the lower of cost and net realisable value and after making due provision for slow moving and obsolete stock. Cost represents materials, direct labour and appropriate production overheads. Net realisable value is based on estimated selling price less all further costs to completion and all relevant selling and distribution costs.

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

Research and development
Research and development expenditure is charged to the profit and loss account as incurred.

Pensions cost
The defined contribution retirement benefits to employees are funded by contributions from the Group. Payments are made to insurance companies. These payments are charged to the profit and loss account as incurred.

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Interest payable/receivable is accrued and charged/credited to the profit and loss account in the year to which it relates.

Liquid resources
Liquid resources represent cash that is available to the Group at more than 24 hours notice.

Group Profit and Loss Account

for the year ended 31 March 2007

	Note	Continuing operations £'000	Acquisition £'000	2007 Total £'000	2006 Total £'000
Turnover	*1*	**6,812**	**4,335**	**11,147**	6,202
Cost of sales		**(3,363)**	**(3,424)**	**(6,787)**	(3,220)
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	*4*			**(129)**	(62)
Profit on ordinary activities before taxation	*1*			**694**	600
Tax on profit on ordinary activities	*5*			**(110)**	38
Retained profit on ordinary activities after taxation	*17*			**584**	638
Earnings per ordinary share	*6*				
– basic				**1.88p**	2.06p
– diluted				**1.72p**	2.05p
Adjusted earnings per ordinary share	*6*				
– basic				**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.

The accompanying accounting policies and notes form an integral part of these financial statements.

Group Balance Sheet

at 31 March 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	7	**537**	60
Tangible assets	8	**839**	543
		1,376	603
Current assets			
Stocks	10	**2,359**	578
Debtors	11	**3,446**	1,464
Cash at bank and in hand	19(c)	**35**	999
		5,840	3,041
Creditors: amounts falling due within one year	12	**(4,339)**	(1,384)
Net current assets		**1,501**	1,657
Total assets less current liabilities		**2,877**	2,260
Creditors: amounts falling due after more than one year	13	**(70)**	(75)
Provisions for liabilities and charges	15	**(41)**	(55)
		2,766	2,130
Capital and reserves			
Called up share capital	16	**3,102**	3,102
Share premium account	17	**1,371**	1,371
Other reserve	17	**52**	–
Merger reserve	17	**1,388**	1,388
Profit and loss account	17	**(3,147)**	(3,731)
Shareholders' funds – equity interests	18	**2,766**	2,130

The financial statements were approved by the Board of Directors on 31 July 2007.

S W Cooper
Director

M I Welburn
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Group Cash Flow Statement

for the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	*19a*	**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 sales of tangible fixed assets		**32**	11
Net cash outflow from capital expenditure and financial investment		**(222)**	(19)
Acquisitions and disposals			
Purchase of business		**(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 deposited on treasury reserve		**915**	(915)
Financing			
Issue of ordinary share capital		**–**	2
Capital element of finance lease rentals	*14*	**(10)**	(70)
Net cash outflow from financing		**(10)**	(68)
Decrease in cash	*19b, 19c*	**(1,438)**	(64)

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Balance Sheet

at 31 March 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	8	**–**	–
Investments	9	**4,459**	2,443
		4,459	2,443
Current assets			
Debtors	11	**1,286**	1,331
Cash at bank and in hand		**2**	920
		1,288	2,251
Creditors: amounts falling due within one year	12	**(1,462)**	(450)
Net current (liabilities)/assets		**(174)**	1,801
Net assets		**4,285**	4,244
Capital and reserves			
Called up share capital	16	**3,102**	3,102
Share premium account	17	**1,371**	1,371
Other reserve	17	**52**	–
Merger reserve	17	**1,592**	1,592
Profit and loss account	17	**(1,832)**	(1,821)
Shareholders' funds – equity interests		**4,285**	4,244

The financial statements were approved by the Board of Directors on 31 July 2007.

N Silverthorne
Director

M I Welburn
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2007

1 Turnover and profit on ordinary activities before taxation

The turnover is attributable to the principal activities and is all within the UK.

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2007 £'000	2006 £'000
Auditors' remuneration – audit services	**32**	22
– tax services	**11**	9
– corporate finance services	**26**	–
Research and development costs	**70**	72
Depreciation of tangible fixed assets:		
Owned assets	**192**	171
Assets held under finance leases and hire purchase contracts	**15**	23
(Profit)/loss on sale of tangible fixed assets	**(17)**	2
Amortisation of goodwill	**60**	15
Operating lease rentals – land and buildings	**218**	170
– plant and equipment	**3**	3
– motor vehicles	**36**	34

2 Directors' emoluments

	2007					2006				
	Basic £'000	**Bonus £'000**	**Benefits in kind £'000**	**Pension £'000**	**Total £'000**	Basic £'000	Bonus £'000	Benefits in kind £'000	Pension £'000	Total £'000
N C Paul	**23**	**–**	**–**	**–**	**23**	15	–	–	–	15
J Rubins	**11**	**–**	**–**	**–**	**11**	9	–	–	–	9
R Allsop	**15**	**–**	**–**	**–**	**15**	15	–	–	–	15
S W Cooper	**123**	**–**	**–**	**–**	**123**	75	–	–	–	75
M I Welburn	**87**	**26**	**8**	**6**	**127**	83	26	8	6	123
N Silverthorne	**52**	**16**	**5**	**4**	**77**	50	15	4	4	73
	311	**42**	**13**	**10**	**376**	247	41	12	10	310

3 Staff costs

	2007 £'000	2006 £'000
Wages and salaries	**3,330**	2,105
Social security costs	**323**	192
Other pension costs	**137**	56
	3,790	2,353

The average weekly number of employees during the year was made up as follows:

	2007 Number	2006 Number
Production	**120**	72
Sales, distribution and administration	**36**	23
	156	95

4 Interest payable and similar charges

	2007 £'000	2006 £'000
Bank overdrafts and invoice discounting charges	**119**	47
Interest on finance leases and hire purchase contracts	**10**	15
	129	62

5 Tax on loss on ordinary activities

(a) The taxation charge/(credit) is made up as follows:

	2007 £'000	2006 £'000
Current corporation tax	**136**	22
Adjustment in respect of prior year - research and development tax credit	**(12)**	(41)
Total current tax (note 5b)	**124**	(19)
Deferred taxation (note 15)	**(14)**	(19)
	110	(38)

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

(b) The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent).

The differences are explained below:

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	**694**	600
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	**208**	180
Effects of:		
Expenses not deductible for tax purposes	**3**	(10)
Capital allowances in excess of depreciation for the year	**(7)**	14
Utilisation of tax losses	**(83)**	(158)
Adjustment in respect of prior year	**(12)**	(41)
Effects of other tax rates	**–**	(4)
Other timing differences	**15**	–
Current tax charge/(credit) for year	**124**	(19)

Notes to the Financial Statements

continued

6 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:

	Profit £'000	***2007 Weighted average number of shares Number***	***Earnings per share pence***	Profit £'000	2006 Weighted average number of shares Number	Earnings per 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

The share options issued 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.

	Profit £'000	***2007 Weighted average number of shares Number***	***Earnings per share pence***	Profit £'000	2006 Weighted average number of shares Number	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**	**–**	**–**	–	–	–
Adjusted earning per share	**816**	**31,020**	**2.63**	653	31,001	2.11
Dilutive shares	**–**	**2,885**	**–**	–	187	–
Diluted adjusted earnings per share	**816**	**33,905**	**2.41**	653	31,188	2.09

7 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 April 2006	758
Acquired during the year	537
At 31 March 2007	1,295
Amortisation and write down	
At 1 April 2006	698
Provided in the year	60
At 31 March 2007	758
Net book amount at 31 March 2007	**537**
Net book amount at 31 March 2006	60

The goodwill of £758,000 arose on the acquisition of Redman Fittings Limited and is being amortised evenly over the Directors' estimate of its useful economic life of 10 years.

The goodwill of £537,000 purchased in the year related to the acquisition of RMDG Aerospace Limited (formerly Robert Morton Holdings Limited) which is being amortised evenly over the Directors' estimate of its useful economic life of 10 years.

8 Tangible fixed assets

Group	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2006	2,838	73	2,911
Additions	243	11	254
Acquisitions	963	60	1,023
Disposals	(118)	(34)	(152)
At 31 March 2007	3,926	110	4,036
Depreciation			
At 1 April 2006	2,304	64	2,368
Provided in the year	195	12	207
Acquisitions	725	34	759
Eliminated on disposals	(109)	(28)	(137)
At 31 March 2007	3,115	82	3,197
Net book amount at 31 March 2007	**811**	**28**	**839**
Net book amount at 31 March 2006	534	9	543

The net book value of fixed assets includes £129,000 (2006: £154,000) in respect of assets held under finance leases and hire purchase contracts.

Company	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2006	12	–	12
Disposals	–	–	–
At 31 March 2007	12	–	12
Depreciation			
At 1 April 2006	12	–	12
Provided in the year	–	–	–
Disposals	–	–	–
At 31 March 2007	12	–	12
Net book amount at 31 March 2007	**–**	**–**	**–**
Net book amount at 31 March 2006	–	–	–

Notes to the Financial Statements

continued

9 Investments

Company	Subsidiary undertakings £'000
Cost	
1 April 2006	3,725
Addition	2,016
31 March 2007	5,741
Amounts written off at 1 April 2006 and 31 March 2007	1,282
Net book amount at 31 March 2007	**4,459**
Net book amount at 31 March 2006	2,443

The addition in the year relates to the acquisition of RMDG Aerospace Limited (formerly Robert Morton Holdings Limited).

Details of the investments in which the Group or the Company holds 20% or more of the nominal value of the share capital at 31 March 2007 are as follows:

Subsidiary undertaking	Holding	Proportion of voting rights and shares held	Nature of business
MTC Holdings Limited	Ordinary shares	100%	Intermediate holding company
Malvern Tubular Components Limited *	Ordinary shares	100%	Manufacturer of tubular components
Redman Fittings Limited	Ordinary shares	100%	Sales and marketing company for specialist pipe fittings
ISSquared Limited	Ordinary shares	100%	Dormant
Searchwell Limited	Ordinary shares	100%	Dormant
Integrated Statistical Solutions Limited	Ordinary shares	100%	Dormant
RMDG Aerospace Limited (formerly Robert Morton Holdings Limited)	Ordinary shares	100%	Manufacturer of aerospace fittings
Robert Morton DG Limited * (formerly Tecalemit Aerospace Limited)	Ordinary shares	100%	Manufacturer of aerospace fittings

* held by a subsidiary undertaking

10 Stocks

Group	***2007 £'000***	2006 £'000
Raw materials	**834**	365
Work in progress	**1,137**	73
Finished goods	**388**	140
	2,359	578

11 Debtors

	Group		Company	
	2007	2006	***2007***	2006
	£'000	£'000	***£'000***	£'000
Trade debtors	**3,182**	1,331	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**1,170**	1,280
Other debtors	**55**	25	**70**	6
Prepayments and accrued income	**209**	108	**46**	45
	3,446	1,464	**1,286**	1,331

12 Creditors: amounts falling due within one year

	Group		Company	
	2007	2006	***2007***	2006
	£'000	£'000	***£'000***	£'000
Other creditors	**33**	–	**4**	–
Invoice discounting facility	**1,763**	374	**–**	–
Trade creditors	**1,688**	448	**62**	39
Obligations under finance leases and hire purchase contracts (note 14)	**35**	39	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**1,271**	309
Corporation tax	**135**	22	**–**	–
Other taxes and social security	**243**	211	**18**	11
Accruals and deferred income	**442**	290	**107**	91
	4,339	1,384	**1,462**	450

The invoice discounting facility of £1,763,000 (2006: £374,000) is secured upon trade debtors.

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2007	2006	***2007***	2006
	£'000	£'000	***£'000***	£'000
Obligations under finance leases and hire purchase contracts (note 14)	**70**	75	**–**	–

14 Obligations under finance leases and hire purchase contracts

	Group		Company	
	2007	2006	***2007***	2006
	£'000	£'000	***£'000***	£'000
Amounts payable:				
within one year	**51**	47	**–**	–
within two to five years	**74**	89	**–**	–
	125	136	**–**	–
Less: finance charges allocated to future periods	**(20)**	(21)	**–**	–
	105	115	**–**	–

Notes to the Financial Statements

continued

14 Obligations under finance leases and hire purchase contracts *(continued)*

Finance leases are analysed as follows:

	Group		Company	
	2007	2006	***2007***	2006
	£'000	£'000	***£'000***	£'000
Current obligations	**35**	40	**–**	2
Non-current obligations	**70**	75	**–**	–
	105	115	**–**	2

Analysis of changes in finance leases and hire purchase contracts during the current and previous periods:

	Group		Company	
	2007	2006	***2007***	2006
	£'000	£'000	***£'000***	£'000
At 1 April 2006	**115**	149	**–**	2
Inception of new contracts	**–**	35	**–**	–
Capital element of rental payments	**(10)**	(69)	**–**	(2)
At 31 March 2007	**105**	115	**–**	–

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

15 Provisions for liabilities and charges

	Deferred taxation	
	2007	2006
Group	***£'000***	£'000
At 1 April 2006	**55**	73
Release to the profit and loss account	**(14)**	(18)
At 31 March 2007	**41**	55

The amounts of deferred taxation provided and unprovided in the financial statements are:

	Provided	**Unprovided**	Provided	Unprovided
	2007	***2007***	2006	2006
	£'000	***£'000***	£'000	£'000
Accelerated capital allowances	**64**	**(59)**	63	(16)
Other timing differences	**(23)**	**(13)**	(8)	(14)
	41	**(72)**	55	(30)
Less:				
Trading losses	**–**	**(94)**	–	(179)
	41	**(166)**	55	(209)

The deferred tax asset is not recognised due to uncertainty over its recoverability.

16 Share capital

	2007	2006
	£'000	£'000
Authorised		
100,000,000 ordinary shares of 10p each	**10,000**	6,000
Allotted, called up and fully paid		
31,020,000 (2006: 31,020,000) ordinary shares of 10p each	**3,102**	3,102

An Enterprise Management Incentive share option scheme was implemented on 19 April 2002. Share options over 2,524,000 shares (remaining after lapses) have been issued under this scheme. The details of those issued to Directors are provided in the Corporate Governance Statement. All others may be exercised in three equal tranches after six months, eighteen months and twenty four months from the date of the grant, and no performance conditions apply to these EMI options. The exercise price on these options range from 10p to 20p depending on the date the option was granted.

A table showing the share options in issue during the year is shown below:

	At 31 March 2006	Granted in year	Exercised in year	Lapsed in year	At 31 March 2007	Exercise price
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	pence
Enterprise Management Incentive (EMI) scheme						
Sept 2002 – Sept 2012	335,000	–	–	(125,000)	210,000	20
December 2003 – May 2006	100,000	–	–	(100,000)	0	20
June 2005 – May 2015	100,000	–	–		100,000	10
December 2004 – Nov 2014	200,000	–	–		200,000	10
November 2004 – Oct 2014	1,750,000	–	–		1,750,000	10
July 2006 – July 2016	0	264,083	–		264,083	17.75
	2,485,000	264,083	–	(225,000)	2,524,083	
Unapproved share options						
January 2002 – December 2009	300,000	–	–	–	300,000	30
November 2006 – June 2013	–	1,235,917	–	–	1,235,917	17.75
	300,000	1,235,917	0	0	1,535,917	
Total share options	**2,785,000**	**1,500,000**	**0**	**(225,000)**	**4,060,000**	

The fair value of services received as consideration for share-based payments granted has been estimated using the Black Scholes valuation method. Assumptions used in arriving at the fair value include a share price as at 31 March 2007 of 23.5p, a risk free interest rate of 5% and a share volatility of 20%. The calculated expense in respect of share-based payments recognised in the current year is £52,000. £12,000 of this related to prior years which has not been adjusted on the grounds of it being immaterial.

Notes to the Financial Statements

continued

17 Reserves

Group	Share premium £'000	Merger reserve £'000	Other reserve £'000	Profit and loss account £'000
At 1 April 2006	1,371	1,388	–	(3,731)
Profit for the year	–	–	–	584
Movement in the year	–	–	52	–
At 31 March 2007	**1,371**	**1,388**	**52**	**(3,147)**

The merger reserve arose on the acquisition of Integrated Statistical Solutions Limited. The business of this company is now conducted by Redman Fittings Limited.

Company	Share premium £'000	Merger reserve £'000	Other reserve £'000	Profit and loss account £'000
At 1 April 2006	1,371	1,592	–	(1,821)
Movement in the year	–	–	52	(11)
At 31 March 2007	**1,371**	**1,592**	**52**	**(1,832)**

18 Reconciliation of movements in shareholders' funds

Group	***2007 £'000***	2006 £'000
Profit for the year	**584**	638
Movement on other reserve	**52**	–
Issue of shares	**–**	2
Net increase in shareholders' funds	**636**	640
Shareholders' funds at 31 March 2006	**2,130**	1,490
Shareholders' funds at 31 March 2007	**2,766**	2,130

19 Notes to the statement of Group cash flows

(a) 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	**82**	(147)
Net cash inflow from operating activities	**509**	936

19 Notes to the statement of Group cash flows *(continued)*

(b) Reconciliation of net cash flow to movement in net debt

	2007	2006
	£'000	£'000
Decrease in cash	**(1,438)**	(64)
Cash used to repay capital element of finance lease and hire purchase contracts	**10**	70
(Decrease)/increase in liquid funds	**(915)**	915
	(2,343)	921
New finance leases and hire purchase contracts	**–**	(35)
Movement in net debt	**(2,343)**	886
Net funds/(debt) at 1 April 2006	**510**	(376)
Net (debt)/funds at 31 March 2007	**(1,833)**	510

(c) Analysis of changes in net debt

	At 31 March 2006	Cash flow	**At 31 March 2007**
	£'000	£'000	**£'000**
Cash at bank and in hand	84	(49)	**35**
Invoice discounting facility	(374)	(1,389)	**(1,763)**
	(290)	(1,438)	**(1,728)**
Debt	–		
Finance leases and hire purchase contracts	(115)	10	**(105)**
Liquid resources	915	(915)	**–**
	510	(2,343)	**(1,833)**

Cash in hand and in bank on the balance sheet comprises:

	2007	2006
	£'000	£'000
Cash at bank	**35**	84
Liquid resources	**–**	915
	35	999

Notes to the Financial Statements

continued

20 Financial instruments

The Group uses financial instruments, comprising cash, confidential invoice discounting, finance leases, hire purchase contracts, trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years. The fair value of the Group's financial instruments are considered equal to the book value.

Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosure.

Interest rate risk

The Group finances its operations through a mixture of bank overdraft, confidential invoice discounting and hire purchase and finance lease contracts. The Group principally uses variable rate finance facilities given the current low level of interest rates in the UK.

The interest rate exposure of the financial liabilities of the Group as at 31 March 2007 was:

	Variable £'000	**Fixed £'000**
31 March 2007	**1,763**	**105**
31 March 2006	374	115

The weighted average fixed rates on the loans for the year amounted to 9.1% (2006: 9.1%).

The variable rates are on average 1.90% (2006: 2.25%) over bank base rate.

Fixed rate liabilities are represented by finance leases and hire purchase contracts which continue until October 2009.

Liquidity risk

The Group seeks to manage financial risks, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The overdraft facility of £100,000, was not utilised at 31 March 2007. This is due for renewal by 31 July 2007. Of the invoice discounting facility of £2.5 million, £737,000 remained unutilised at 31 March 2007. There is no fixed expiry period, but this is kept under review by the provider. Positive cash is held on treasury reserve to maximise the return.

Currency risk

The Group operates substantially within the United Kingdom and consequently is not significantly exposed to currency risk. The Group does not hedge any transactions, and foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the profit and loss account of the Group.

21 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2007	2006	***2007***	2006
Group	***£'000***	£'000	***£'000***	£'000
Operating leases which expire:				
In one year	**30**	15	**–**	5
In two to five years	**63**	30	**39**	13
After more than five years	**125**	125	**–**	–
	218	170	**39**	18

22 Pension commitments

The Group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

23 Capital commitments

The Group had no capital commitments at 31 March 2007 or 31 March 2006.

24 Contingent liability

The Company has given an unlimited guarantee against the bank borrowings of its subsidiaries. At 31 March 2007 the balances amounted to nil (2006: nil).

25 Results of the parent company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Parent Company is not presented as part of these accounts. The Parent Company's loss for the year amounted to £11,000 (2006 profit: £784,000).

26 Post balance sheet event

The Group has announced the acquisition of Maxpower Automotive for the cash consideration of £1.55m.

Notes to the Financial Statements

continued

27 Acquisitions

On 12 June 2006 the Group acquired 100% of the issued share capital of RMDG Aerospace 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)
	1,915	**(436)**	1,479
Goodwill			537
			2,016
Satisfied by:			
Cash consideration			1,929
Costs incurred			87
			2,016

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 Robert Morton Holdings 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
Turnover	**2,394**	4,688
Cost of sales	**2,675**	4,676
Operating (loss)/profit	**(281)**	12
Net interest	**(4)**	(8)
(Loss)/profit on ordinary activities before taxation	**(285)**	4
Taxation	**–**	–
(Loss)/profit on ordinary activities after taxation	**(285)**	4

There were no recognised gains or losses other than the (loss)/profit for the periods.

Notice of Annual General Meeting

Tricorn Group plc

NOTICE IS HEREBY GIVEN that the annual general meeting of Tricorn Group plc (the "**Company**") will be held at Malvern Tubular Components Limited, Spring Lane, Malvern, Worcestershire, WR14 1DA on Thursday 20th September 2007 at 10.30 am, the business of which will be:

ORDINARY BUSINESS

1. To receive and consider the accounts for the financial year ended 31st March 2007, together with the reports of the directors and auditors.
2. To approve the Directors' Remuneration Report for the financial year ended 31st March 2007.
3. That Roger Allsop (who retires by rotation) be re-elected as a director of the Company.
4. That Michael Ian Welburn (who retires by rotation) be re-elected as a director of the Company.
5. To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the audit committee of the Company to determine their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

6.1 "That the Company be authorised, subject to and in accordance with the provisions of the Companies Act 2006, to send, convey or supply all types of notices, documents or information to shareholders by means of electronic equipment, including by making them available on a website."

6.2 "That in substitution for all existing and unexercised authorities and in ratification of all previous allotments, for the purposes of and pursuant to section 80 of the Companies Act 1985 (the "Act"), the directors of the Company be and they are hereby generally and unconditionally authorised and empowered to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to a nominal amount, when aggregated with the nominal amount of the share capital of the Company in issue, of £4,136,000 to such persons at such times and upon such terms and conditions as they may determine (subject always to the articles of association of the Company) provided that this authority and power shall, unless previously renewed, varied or revoked, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that the directors of the Company may before the expiry of such period make any offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period, and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired."

Notice of Annual General Meeting

continued

7. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

"That, subject to the passing of the resolution numbered 6.2 in this notice, in substitution for all existing and unexercised authorities and powers, pursuant to section 95(1) of the Act the directors of the Company be and they are hereby authorised and empowered to allot equity securities (within the meaning of section 94 of the Act) pursuant to the general authority and power conferred by the resolution numbered 6.2 in this notice as if section 89(1) of the Act did not apply to any such allotment provided that this authority and power shall, unless previously renewed, varied or revoked, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier), save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired and further all previous allotments of the Company be and are hereby ratified notwithstanding the provisions of section 89(1) of the Act or the provisions of the articles of association of the Company."

Registered Office:
Spring Lane
Malvern Link
Malvern
Worcestershire
WR14 1DA
Registered Number 1999619

By Order of the Board

Michael Greensmith
Secretary

31st July 2007

NOTES:

(1) A member of the Company may appoint one or more proxies to attend and, on a poll, to vote instead of the member. A proxy of a member need not also be a member.

(2) The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited with the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not less than 48 hours before the time for holding the meeting. A Form of Proxy accompanies this document for use by members.

(3) Completion of the Form of Proxy will not preclude a member from attending and voting in person.

(4) Any corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf.

(5) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those shareholders registered in the Register of Members of the Company as at 10.30 am on 18th September 2007 (the "Specified Time") shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the relevant register of members (the "Register") for certificated or uncertificated shares of the Company after the Specified Time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. Should the Annual General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of shareholders to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Annual General Meeting. Should the Annual General Meeting be adjourned for a longer period, to be so entitled, shareholders must have been entered on the Register at the time which is 48 hours before the time fixed for the adjourned Annual General Meeting or, if the Company gives notice of the adjourned Annual General Meeting, at the time specified in the Notice.

(6) There are no directors' service contracts of more than one year's duration.

(7) Copies of Contracts of Service and letters of appointment (including indemnities) between any director and the Company or its subsidiaries are available for inspection at the registered office of the Company during normal business hours and will also be available for inspection at the place of the Annual General Meeting until the conclusion of the Annual General Meeting.

(8) As at the date of this Notice there were 31,020,000 ordinary shares in issue, each with equal voting rights. Holders of ordinary shares are entitled to attend, speak and vote, either in person or by proxy, at general meetings of the Company. For further details relating to voting or participation rights of shareholders, please refer to the Company's articles of association, copies of which are available on our website at http://www.tricorn.uk.com.

Shareholder Notes

Shareholder Notes

Our Subsidiaries

Malvern Tubular Components Limited

MTC is a specialist manufacturer of tubular components and assemblies. Its customer base is blue chip / international companies in power generation including diesel engine, generator set and radiator manufacture. QS9000 and ISO14001 approved, the company is continuing to invest in lean manufacturing, increased capacity and sourcing components from low cost countries.

www.mtc.uk.com

Maxpower Automotive Limited

Acquired in June 2007 Maxpower Automotive manufactures a diverse range of tube manipulations and pipe assemblies, in ferrous, non-ferrous and nylon materials, primarily for off highway and niche automotive producers. Lean Manufacturing tools are incorporated into a production process which includes Poke Yoke techniques and is governed by a Quality Management System with accreditations to support a philosophy of Right First Time.

www.maxaut.co.uk

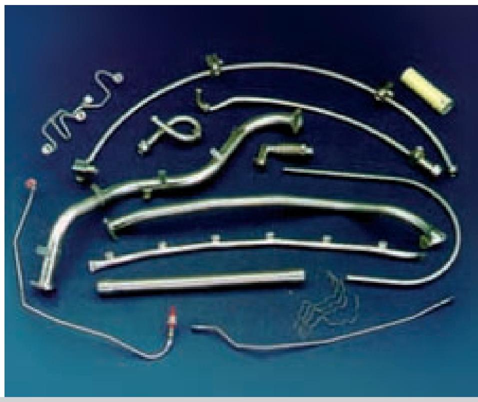
RMDG Aerospace Ltd

RMDG Aerospace,acquired in June 2006, supplies the aerospace industry with a specialised range of rigid pipes and specific fittings. Its components are found in a wide range of aircraft and are recognised for their excellence world wide.

The high level of expertise of its engineers combined with the latest inspection and testing equipment enables it to research and test new solutions to meet the stringent design criteria required by our clients.

RMDG has an extensive list of quality approvals.

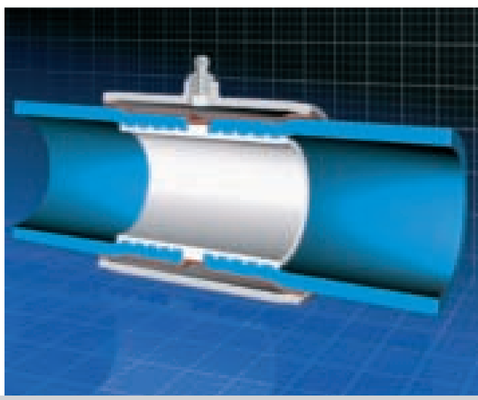
www.rmdg.co.uk



Redman Fittings Limited

The innovative Redman jointing system is patented world-wide and provides a fast, effective method of joining polyethylene pipes, typically as used in the utility industry. It develops and supplies major OEM's with bespoke jointing solutions for multi layer polyethylene pipe systems and is enjoying a significant increase in demand from this sector.

www.redmanfittings.com



Tricorn Group plc

Spring Lane, Malvern Link, Malvern, Worcestershire WR14 1DA **T** 01684 569956 **F** 01684 892337

www.tricorn.uk.com