The future of Global Tubular Solutions

Tricorn Group plc

Annual Report and Accounts 2010

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.

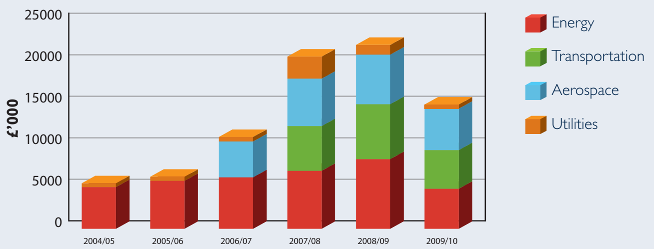
Strategy

- To acquire and grow engineering based businesses that are supplying blue chip OEM customers who in turn are focused on attractive end markets.
- The key elements of this approach are to
  - → **Drive for operational excellence,** ensuring products and services are globally competitive and that class leading quality and delivery performance is achieved.
  - → **Improve margins** by the implementation of lean manufacturing, the resourcing of materials to low cost countries and the utilisation of Group resources (shared services and expertise).
  - → **Growth**. Organically by increasing share within its customers and developing new customers. Inorganically through selective acquisitions where Tricorn's management expertise can generate sufficient added value.

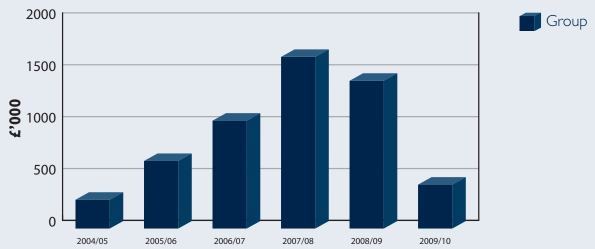
Historical summary

Dec 2001 Listed on AIM
June 2006 Acquired RMDG Aerospace Limited
June 2007 Acquired Maxpower Automotive Limited
Dec 2008 Announced record half year results, but signal slow down anticipated
June 2010 Remained profitable, reduced net debt and saw improvements in demand

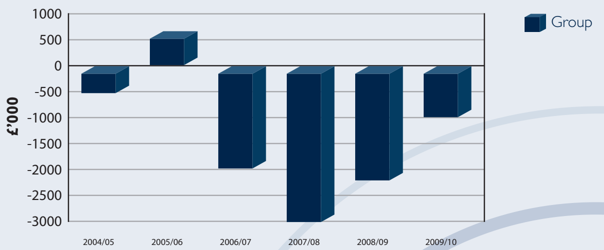
REVENUE



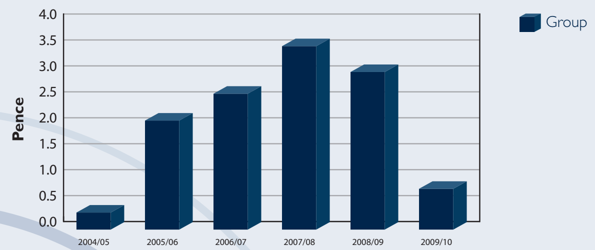
OPERATING PROFIT



NET DEBT



ADJUSTED EARNINGS PER SHARE



Tricorn Group plc

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Summary

	2010 £'000	2009 £'000
Sales revenue	**15,031**	22,245
Operating profit*	**425**	1,430
Profit before tax*	**288**	1,234
Cash and equivalents	**1,296**	713
Net debt	**841**	2,064

Highlights

- Second half operating profit* up **40%** on first half at **£0.248m**
- Cash and cash equivalents up **82%** to **£1.296m**
- Net debt reduced by **59%** to **£0.841m**
- Improving market conditions in Energy and Transportation sectors

* Before intangible asset amortisation, 2009 restructuring charges and interest rate swap valuation.

ENERGY

Fabricated tubular assemblies for diesel engines and radiator sets used in power generation, mining, oil and gas

TRANSPORTATION

Nylon, rigid and hybrid pipe assemblies for engines, brake systems, fuel sender sub systems used in both on and off highway applications

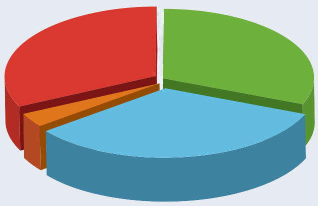
AEROSPACE

Rigid pipe assemblies for civil and military aerospace applications

UTILITIES

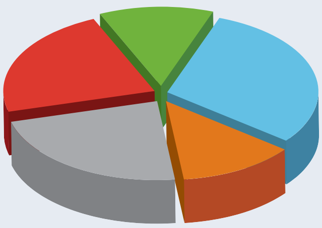
Patented jointing solution for multi layer and single layer pipe used in the water and gas markets

REVENUE BY SECTOR



ENERGY - **£4,849k**
TRANSPORTATION - **£4,671k**
AEROSPACE - **£5,014k**
UTILITIES - **£497k**

OPERATING PROFIT BY SECTOR
(Pre-intangible amortisation)



ENERGY - **£96k**
TRANSPORTATION - **£52k**
AEROSPACE - **£128k**
UTILITIES - **£53k**
UNALLOCATED - **£96k**

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

Nick Paul and Mike Welburn

"Our actions ensured that all business segments remained profitable for the year."

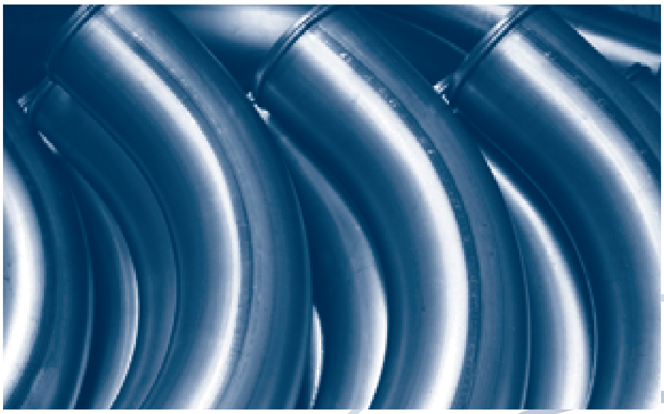
Performance in year ended 31 March 2010

The Group responded decisively to the adverse market conditions experienced and all business segments remained profitable despite the 32% year-on-year reduction in sales revenue. We remained focused throughout the period on ensuring our capacity was aligned to demand, reducing overhead costs and on strengthening the balance sheet. Encouraging progress was made in all of these areas.

In the early part of the year direct head count was flexed partly through reducing working hours enabling us to retain experienced operators whilst still maintaining margins. In the second half this retention of key skills within the business meant we were able to respond swiftly as demand levels improved. Full time working hours were resumed at all Group sites by the year end.

Overheads remained tightly controlled with administration costs 27% lower than the previous year. Operating profit (before intangible asset amortisation and interest rate swap valuation) in the second half was up 40% on the first half reflecting the improved operational gearing from streamlining the business.

We made excellent progress in strengthening the Group's balance sheet with cash and cash equivalents up 82% to £1.296m (2009: £0.713m) and net debt reduced by 59% to £0.841m (2009: £2.064m).



People

We are extremely appreciative of the continued hard work, enthusiasm and dedication of all our employees who have responded positively to the challenges we have faced over the last year. We continue to invest in developing their capabilities further and are delighted to be launching our "Energise Programme" this year. Through a significant commitment to training we will see all employees attain a National Vocational Qualification in Business Improvement Techniques over the next 12 months.

FINANCIAL REVIEW

The 2009/10 financial year proved to be particularly challenging. However, by focusing and delivering on the key objectives highlighted at the start of the year the Group reported a profit, and strengthened its balance sheet significantly by reducing net working capital, improving cash and reducing net debt.

Income statement

Turnover for the year was £15.031m (2009: £22.245m). Gross profit margins, at over 32%, held up well compared to the last financial year, reflecting the objective of aligning capacity with the lower demand levels.

The management's focus throughout the year on cost reduction also enabled the Group to reduce combined distribution and administrative costs by 27% to £4.413m. Resultant operating profit was £0.425m before amortisation of intangibles.

Net finance costs were £0.129m for the year, down 56% on the previous financial year. Reduced net debt, lower interest rates, and a credit of £8k (2009: £0.100m charge) on the interest rate swap fair value adjustment contributed to the reduction.

The resultant unadjusted profit before tax was £0.178m (2009: £0.777m). Basic EPS was 0.45p (2009: 1.77p) and, after adjusting for one-off costs EPS stood at 0.79p (2009: 3.16p).

Cash flow

Net cash from operating activities increased by 22% to £1.413m. This was driven by improved working capital management and lower interest payments.

Full year capital expenditure at £0.135m represented 34% of depreciation and was well within our commitment to keep expenditure below 50% of depreciation for the year.

Cash management remained a priority throughout the Group. Cash and equivalents increased by 82% to £1.296m, and gross borrowings reduced by 23% to £2.137m.

Balance sheet

Net working capital decreased by 22% to £3.586m. The reduction was driven predominantly by £0.710m of lower inventory holdings, which as announced last year, was one of the key drivers to strengthen the balance sheet.

The Group's net debt position at the year end was £0.841m, down 59% from the prior year end position. Gearing, measured as total debt to equity was 18%, compared to 44% in 2009.

In November 2009 the Group successfully renewed its invoice discounting facility. The term loan continues to be repaid, and has a final payment date of July 2012. The Group continues to operate comfortably within its banking covenants.

In March 2010 the Group purchased 875,000 of its ordinary shares pursuant to the authority granted at last year's AGM, at an aggregate cost of £49k. These shares are held in Treasury.

OPERATIONAL REVIEW

The Group operates four main business segments which are focused on the energy, transportation, aerospace and utilities sectors. These all have strong underlying growth potential, albeit with some cyclicality. Improving demand within the energy and transportation sectors towards the end of the second half was encouraging and has more than offset the weakness within the aerospace business. Our actions ensured that all business segments remained profitable for the year.

Energy

Our Malvern Tubular Components business specialises in fabricated and manipulated tubular assemblies for large diesel engines and radiator sets used within the energy sector, principally power generation, mining and oil and gas applications. Our earlier view that the second half would see improved demand was confirmed with sales revenues up some 26% on the first half. We have made some selective investment in our product finishing capabilities within the plant and this has enabled additional business to be secured.

Transportation

Maxpower Automotive is focused on nylon, rigid and hybrid tubular products for engines, braking systems and fuel sender sub-systems used within the transportation sector. Market conditions deteriorated earlier within this segment compared to the other businesses in the Group. However, demand had started to improve in the second quarter and this continued with second half sales up

37% on the first half. The planned improvements to the shop floor layout to accommodate new business wins has now been completed and good progress has also been made on identifying additional growth opportunities.

Aerospace

RMDG Aerospace supplies rigid pipe assemblies used in a variety of applications within the aerospace sector. There has been some softening within the segment as we anticipated with year-on-year revenues down 16%. However, demand now appears to be stabilising and with a strengthened local management team in place, we are well positioned to deal with these lower levels of demand.

Utilities

Redman Fittings holds worldwide patents on a unique method of joining polyethylene pipes. Its customers include major OEMs which are supplied with a branded version of the product which is then incorporated within their "barrier" pipe systems. These multi layer pipe systems are being used within the water industry in brown field site developments providing advantages in performance and overall cost. The Redman system is increasingly being specified due to its ease of use and effectiveness. The business continues to deliver double digit segmental profit margins despite the lower sales revenues and should contribute significantly to the Group's earnings when the housing market recovers.

Outlook

Whilst there is clearly still a level of economic uncertainty we have been encouraged by the growth in sales revenue in the second half and by additional business opportunities identified. We remain well positioned to respond to any further changes in demand. Alongside our drive for organic growth the Group will consider potential acquisition opportunities where Tricorn's management expertise can generate the necessary added value.

Nick Paul CBE
Chairman
9 June 2010

Mike Welburn
Chief Executive
9 June 2010

BOARD OF DIRECTORS

Executive Directors

Non-executive Directors

1. Mike Welburn (Born 1962)

Chief Executive Officer

Joined Tricorn in April 2003, appointed to the Board in March 2004 and as Chief Executive in November 2007. He had previously been with IMI plc for 18 years where he had held a number of senior roles within the Fluid Power Division. This included responsibility for European Operations and Global OEM Strategy.

2. Phil Lee (Born 1970)

Group Finance Director

Joined Tricorn in January 2009 and appointed to the Board in February 2009. He had previously been at Rolls-Royce plc for nine years working in a number of roles including Finance Director of Distributed Generation Systems (part of the Rolls-Royce Energy Business). Prior to Rolls-Royce he had been with National Grid Plc.

3. Noel ("Nick") Silverthorne (Born 1947)

Group Technical Director

Over 25 years of engineering experience with subsidiary companies MTC and Redman Fittings and had been Managing Director of MTC for over 20 years. He is leading the Group's development of material sourcing from low cost economies, a key element in the Board's strategy..

4. Nick Paul CBE (Born 1945)

Non-executive Chairman

Appointed to the Board as non-executive Chairman in October 2001. Member of the Remuneration and Audit Committees and Chairman of the Nomination Committee. He has a wealth of international business experience and had previously been deputy Chief Executive of IMI plc. In the past he has been Chairman of the Regional Development Agency, Advantage West Midlands, Midlands Expressway Limited, West Midlands CBI and non-executive Director of John Laing Homes plc and Sig plc.

5. Roger Allsop (Born 1943)

Non-executive Director

Purchased MTC in 1984 and Chief Executive of Tricorn up to 2002 after which he became a non-executive Director. Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee. He was previously managing Director of Westwood Dawes plc and is currently a non-executive Director of Aim quoted, Netcall plc.

Committees

Audit Committee
Roger Allsop – Chairman
Nick Paul
Michael Greensmith – Secretary

Nomination Committee
Nick Paul – Chairman
Roger Allsop
Michael Greensmith – Secretary

Remuneration Committee
Roger Allsop – Chairman
Nick Paul
Michael Greensmith – Secretary

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for Tricorn Group plc ("Group") for the year ended 31 March 2010.

Principal activity

The Group is the parent company of a number 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 and Chief Executive's statement. There was a profit for the year after taxation amounting to £149k (2009: £585k). The Directors do not recommend the payment of a dividend.

Financial risks and management

The Group's principal financial instruments comprise a bank loan, 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 receivables and trade payables, which arise directly from its operations.

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's 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. An interest rate collar has been entered into to fix the interest rate on the Group's borrowings.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits, bank loans, 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 partially responded to this risk by sourcing materials in low cost countries. The Group would also look to recharge any increased cost of commodities to customers.

Foreign currency risk

Certain purchases and sales are made in foreign currencies. In order to minimise the impact of currency movements the Group utilises short-term forward currency contracts. Foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the Group statement of comprehensive income.

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 considered significant.

REPORT OF THE DIRECTORS continued

Directors

The present membership of the Board is set out below.

N C Paul CBE
R Allsop
M I Welburn
P Lee
N Silverthorne

Share capital

Details of the Company's share capital are given in note 25 to the financial statements. The Group's policy for managing capital and financing to support the activities of the Group is detailed in note 23 to the financial statements.

Substantial shareholdings

The only interests in excess of 3% of the issued share capital of the Company, which have been notified as at 14 May 2010, were as follows:

	Ordinary shares of 10p each Number	Percentage of capital %
R Allsop	11,220,000	34.90
Hargreave Hale Limited	6,809,405	21.18
J Grimmond	2,336,956	7.27
J Rubins	1,500,000	4.67
Rock Nominees Limited (account 501198)	1,370,150	4.26

Health and safety

The Group recognises its responsibility to ensure that its employees work in as safe a working environment as possible. Checks are implemented to ensure its clients comply with Health and Safety legislation.

Payment to suppliers

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code which deals specifically with the payment of suppliers.

Group trade payables at the year end amount to 62 days of average supplies (2009: 67 days). The Company trade payables are 62 days (2009: 41 days).

Directors' responsibilities for the Group financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs).

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 of the profit or loss for that period. In preparing these 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 IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records, 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 Group'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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 489 of the Companies Act 2006.

On behalf of the Board

Mike Welburn
Director
9 June 2010

CORPORATE GOVERNANCE

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 two 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 Director is R Allsop. The Board approves the strategic decisions of the Group. The Group's business is run on a day to day basis by M I Welburn, P Lee and N Silverthorne, with M I Welburn 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 which is chaired by R Allsop. The committee meets 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 the financial statements 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 reasonable balance between 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. Detailed cash flow forecasts have been prepared which highlight that the Group has sufficient cash headroom to support its activities. The forecasts also highlight that the financial covenants included in the bank loan agreement will be fully complied with. The key assumptions in these forecasts have been sensitised and no issues arise which lead to any concern regarding the operations or financing of the Group. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

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 5 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 which are commensurate with similar positions in other business sectors.

Annual bonus payments, benefits and pension arrangements

M I Welburn and P Lee participate in a performance related bonus arrangement through Tricorn Group plc.

N Silverthorne shares in a performance related bonus arrangement within Malvern Tubular Components Limited.

M I Welburn, P Lee and N Silverthorne benefit from the provision of private medical insurance, the provision of company cars and participate in a contributory pension scheme.

R Allsop and N C Paul CBE receive no bonus, pension or benefits in kind.

Notice periods

M I Welburn and N Silverthorne have service agreements with the Group which are terminable on not less than 12 months' written notice given by either party to the other at any time. P Lee has a service agreement with the Group which is terminable on not less than six months' written notice given by either party to the other at any time.

N C Paul CBE and R Allsop have letters of appointment with the Group which are terminable upon six months' written notice being given by either party.

CORPORATE GOVERNANCE continued

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 2010 the following options were held by the Directors:

	At beginning of period Number	Lapsed during the year Number	Granted during the year Number	Exercised during the year Number	**At end of year Number**	Exercise price £
Unapproved share options						
N C Paul CBE	200,000	(200,000)	–	–	**–**	0.30
M I Welburn	306,339	–	–	–	**306,339**	0.1775
M I Welburn	375,000	–	–	–	**375,000**	0.40
Enterprise management scheme (EMI) options						
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
M I Welburn	193,661	–	–	–	**193,661**	0.1775
P Lee	500,000	–	–	–	**500,000**	0.10

Unapproved share options

N C Paul's option was exercisable between 1 January 2002 and 31 December 2009 and during the year has lapsed. The unapproved share options granted on 30 November 2006, over 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 – this has been attained. The unapproved options granted over 375,000 shares for M I Welburn are exercisable at 40p per share between 30 November 2007 and 29 November 2014.

All of the unapproved share options have vested.

EMI options

M I Welburn has three separate EMI share options. The first option granted on 1 November 2004 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 options have vested.

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 have performance conditions attached to them. All options have vested.

P Lee was granted an EMI option over 500,000 shares at 10p on 31 March 2009. The first 250,000 are exercisable after three months continuous employment. The second 250,000 are exercisable after a further 12 months' continuous employment. This option is in force for ten years and does not have performance conditions attached to it.

The exercise periods for share options were set by the Remuneration Committee in order to incentivise and retain key executives. All share disposals will be limited to one third of the option in any given year without prior Board approval. The market price of the Company's shares at 31 March 2010 was 7.5p (31 March 2009: 6.5p) and the range during the year was 6.0p to 10.5p (2009: 6.5p to 35.5p).

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TRICORN GROUP plc

We have audited the Group financial statements of Tricorn Group plc for the year ended 31 March 2010 which comprise the Group statement of comprehensive income, the Group statement of changes in equity, the Group statement of financial position, the Group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 Directors and Auditors

As explained more fully in the Directors' Responsibilities statement set out on page 7, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs

As explained in note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Tricorn Group plc for the year ended 31 March 2010.

Mark Taylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
9 June 2010

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
REVENUE	3	**15,031**	22,245
Cost of sales		**(10,193)**	(14,750)
GROSS PROFIT		**4,838**	7,495
Distribution costs		**(676)**	(947)
Administration costs		**(3,737)**	(5,118)
OPERATING PROFIT BEFORE INTANGIBLE AMORTISATION AND RESTRUCTURING COSTS	3	**425**	1,430
Intangible amortisation	12	**(118)**	(118)
Restructuring costs	4	**–**	(239)
OPERATING PROFIT	3/4	**307**	1,073
Finance income	8	**3**	20
Finance costs	8	**(132)**	(316)
PROFIT BEFORE TAX	3	**178**	777
Income tax expense	9	**(29)**	(192)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		**149**	585
ATTRIBUTABLE TO:			
Equity holders of the parent company		**149**	585
EARNINGS PER SHARE:			
Basic earnings per share	10	**0.45p**	1.77p
Diluted earnings per share	10	**0.45p**	1.71p

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

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

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2010

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Investment in own shares £'000	Profit and loss account £'000	Total £'000
BALANCE AT 1 APRIL 2008	3,302	1,448	1,388	193	–	(2,238)	4,093
Profit for the year	–	–	–	–	–	585	585
Total comprehensive income	–	–	–	–	–	585	585
BALANCE AT 31 MARCH 2009	3,302	1,448	1,388	193	–	(1,653)	4,678
Transactions with owners	–	–	–	–	(49)	–	(49)
Profit for the year	–	–	–	–	–	149	149
Total comprehensive income	–	–	–	–	–	149	149
BALANCE AT 31 MARCH 2010	**3,302**	**1,448**	**1,388**	**193**	**(49)**	**(1,504)**	**4,778**

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

GROUP STATEMENT OF FINANCIAL POSITION

at 31 March 2010

	Notes	2010 £'000	2009 £'000
ASSETS			
NON-CURRENT			
Goodwill	11	**591**	591
Intangible assets	12	**793**	911
Property, plant and equipment	13	**1,126**	1,382
		2,510	2,884
CURRENT			
Inventories	15	**3,107**	3,817
Trade and other receivables	16	**3,839**	3,661
Cash and cash equivalents	17	**1,296**	713
		8,242	8,191
TOTAL ASSETS		**10,752**	11,075
LIABILITIES			
CURRENT			
Trade and other payables	19	**(3,360)**	(2,897)
Financial liabilities at fair value through profit or loss	24	**(104)**	(112)
Borrowings	20	**(1,734)**	(2,029)
Corporation tax		**(88)**	(292)
		(5,286)	(5,330)
NON-CURRENT			
Borrowings	20	**(403)**	(748)
Deferred tax	18	**(285)**	(319)
		(688)	(1,067)
TOTAL LIABILITIES		**(5,974)**	(6,397)
NET ASSETS		**4,778**	4,678
EQUITY			
Share capital	25	**3,302**	3,302
Share premium account		**1,448**	1,448
Merger reserve		**1,388**	1,388
Share-based payment reserve		**193**	193
Investment in own shares		**(49)**	–
Profit and loss account		**(1,504)**	(1,653)
TOTAL EQUITY		**4,778**	4,678

The financial statements were approved by the Board of Directors on 9 June 2010.

Mike Welburn
Director

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

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2010

	2010 £'000	2009 £'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation	**149**	585
Adjustment for:		
Depreciation	**392**	379
Net finance costs in statement of comprehensive income	**129**	296
Amortisation charge	**118**	118
Taxation expense recognised in statement of comprehensive income	**29**	192
(Increase)/decrease in trade and other receivables	**(170)**	1,889
Increase/(decrease) in trade payables and other payables	**463**	(1,600)
Decrease/(increase) in inventories	**710**	(270)
Cash generated from operations	**1,820**	1,589
Interest paid	**(140)**	(216)
Income taxes paid	**(267)**	(218)
NET CASH FROM OPERATING ACTIVITIES	**1,413**	1,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of own shares	**(49)**	–
Acquisition of subsidiaries	**–**	(195)
Purchase of plant and equipment	**(135)**	(263)
Interest received	**3**	20
NET CASH USED IN INVESTING ACTIVITIES	**(181)**	(438)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary share capital	**–**	178
Repayment of short-term borrowings	**(232)**	(140)
Repayment of bank borrowings	**(300)**	(300)
Payment of finance lease liabilities	**(117)**	(139)
NET CASH USED IN FINANCING ACTIVITIES	**(649)**	(401)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**583**	316
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**713**	397
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,296**	713

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1 GENERAL INFORMATION

Tricorn Group plc and subsidiaries' (the "Group") principal activities comprise high precision tube manipulation, systems engineering and specialist fittings.

The Group's customer base includes major blue chip companies with world-wide activities in key market sectors, including Pipefittings, Power Generation, Aerospace, Off Highway, and Niche Automotive.

Tricorn Group plc is the Group's ultimate parent company. It is incorporated and domiciled in the United Kingdom. The address of Tricorn Group plc's registered office, which is also its principal place of business, is Spring Lane, Malvern, Worcestershire, WR14 1DA. Tricorn Group plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 9 June 2010. Amendments to the financial statements are not permitted after they have been approved.

2 ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared under the required measurement bases specified under International Financial Reporting Standards (IFRS) and in accordance with applicable IFRS as adopted by the European Union and IFRS as issued by the International Accounting Standards Board.

Changes in accounting policies

The Group has adopted IAS 1 Presentation of Financial Statements (revised 2007) which has led to the inclusion of a new primary statement, the consolidated statement of comprehensive income. The adoption of this accounting standard has had no further effect on the current or previous year's Group financial statements.

IAS 1 Presentation of Financial Statements (Revised 2007) requires presentation of a comparative statement of financial position as at the beginning of the first comparative period, in some circumstances. Management considers that it is not necessary this year because the 2009 statement of financial position is the same as that previously published.

The Group has adopted IFRS 2 – Share-based payments (amended) during the year and the adoption of this accounting standard has had no effect on the current or previous year's Group financial statements.

The Group has adopted IFRS 8 – Segmental Reporting, in the year. The adoption of IFRS 8 has changed the segments that are disclosed in the financial statements. In the previous annual financial statements, segments were identified by reference to dominant source and nature of the Group's risks and returns. Under IFRS 8 the accounting policy for identifying segments is now based on the internal management reporting information that is regularly reviewed by the chief operating decision maker. Following the adoption of IFRS 8 which required retrospective application, the comparative segment information for the same period in the prior year is restated to conform with the new requirements.

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. Detailed cash flow forecasts have been prepared which highlight that the Group has sufficient cash headroom to support its activities. The forecasts also highlight that the financial covenants included in the bank loan agreements will be fully complied with. The key assumptions in these forecasts have been sensitised and no issues arise which lead to any concern regarding the operations or financing of the Group. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

2 ACCOUNTING POLICIES continued

Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting estimates and assumptions are consistent with the Group's latest approved budget forecast where applicable. Judgements are based on the information available at each reporting date. All estimates are based on the best information available to management.

Standards and interpretations not yet applied by the Group

The following new standards and interpretations, which are yet to become mandatory, have not been applied in the Group's financial statements.

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
- Amendment to IAS 39 Reclassification of Financial Assets: Effective Date and Transition (effective 1 July 2009)
- Amendment to IAS 39 and IFRIC 9 – Embedded Derivatives (effective 30 June 2009)
- Group Cash-settled Share-based Payment Transactions – Amendment to IFRS 2 (effective 1 January 2010)
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14 (effective 1 January 2011)
- Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1 January 2010)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)

Based on the Group's current operations and accounting policies, management does not expect material impacts on the Group's financial statements when the standards and interpretations become effective.

Significant accounting estimates and judgements

Certain estimates and judgements need to be made by the Directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgements are required for example as at the reporting date that all liabilities have been settled and certain assets/ liabilities are recorded at fair value which requires a number of estimates and assumptions to be made.

The major areas for estimation within the financial statements are as follows:

- performance of impairment reviews to assess the carrying value of goodwill (see note 11);
- valuation of interest rate collar (see note 24);
- estimates of inventory recoverability. Management review ageing of inventory, movement levels throughout the year and forecast future usage levels to set an adequate inventory provision to cover obsolete inventory lines; and
- preparation and review of forecasts to support the going concern basis of preparing the financial statements (see above).

There are no major areas for judgements within the financial statements which are not covered by the accounting policies detailed below.

NOTES TO THE FINANCIAL STATEMENTS continued

2 ACCOUNTING POLICIES continued

Consolidation and investments in subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the parent company as well as those entities controlled by the Group by full consolidation.

Acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their revalued amounts, which are also used as the basis for subsequent measurement in accordance with the accounting policies of the Group. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Business combinations completed prior to date of transition to IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition to IFRS, being 1 April 2006.

Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

The Group recognises revenue when persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the fee fixed and determinable; and collectability is reasonably assured. Amounts received are recognised immediately as revenue where there are no substantial risks, there are no ongoing performance obligations and amounts received are not refundable. Amounts are deferred over an appropriate period where these conditions are not met.

Restructuring costs

Restructuring costs which have been incurred in the current year which the Group does not expect to incur in a normal year have been separately disclosed on the face of the statement of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost of work in progress and finished goods includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Provisions are made against inventories where there is evidence that the carrying amount has fallen below recoverable amount.

2 ACCOUNTING POLICIES continued

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately through profit or loss and is not subsequently reversed.

Impairment

The Group's goodwill, intangible assets and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Goodwill with an indefinite useful life is tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged *pro rata* to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

If the impairment is subsequently reversed, the carrying amount, except in the case of goodwill, is increased to the revised estimate of its recoverable amount, but limited to the carrying value that would have been determined had no impairment been recognised in prior years. Impairment losses in respect of goodwill are not subsequently reversed.

Intangible assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complementary assets are reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Intangible amortisation

Intangible assets are amortised over the following periods:

Brand names	15 years
Customer relationships	5 years

Foreign currencies

These financial statements are presented in UK Sterling which is the presentational currency of the Group.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Exchange differences are dealt with through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS continued

2 ACCOUNTING POLICIES continued

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on these assets, after adjusting for their residual values, on a straight-line basis over the estimated useful economic life of each asset.

The useful lives of property, plant and equipment can be summarised as follows:

Plant and equipment	3 to 10 years
Motor vehicles	5 years

Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset and is then disclosed and accounted for as a finance lease asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Subsequent accounting for assets held under hire purchase and finance lease agreements, i.e. depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding hire purchase and finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. Finance charges represent a constant periodic rate of interest on the outstanding balance of the hire purchase and finance lease liability.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred. The Group does not act as a lessor.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claim from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in conjunction with the initial recognition of goodwill on acquisitions. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to other comprehensive income.

2 ACCOUNTING POLICIES continued

Employee benefits

Defined contribution pension scheme

Pensions to employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Other employee benefits

Short-term employee benefits, including holiday entitlement are included in other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Financial assets

The Group's financial assets include cash, cash equivalents and trade and other receivables.

All financial assets are recognised when the entity becomes party to the contractual provisions of an instrument. All financial assets are initially recognised at fair value, plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate.

Interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and overdrafts as well as short-term highly liquid investments such as bank deposits.

Equity

Share capital is determined using the nominal value of shares that have been issued. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. When the Company purchases its own shares, the consideration is deductible from equity attributable to the Company's equity holders until the shares are either cancelled or reissued. When this happens, any consideration received is included in equity attributable to equity holders. Treasury shares are held at cost.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking when the Company has taken advantage of merger relief.

The profit and loss account includes all current and prior period results as disclosed in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS continued

2 ACCOUNTING POLICIES continued

Share-based employee remuneration

All share-based payment arrangements are recognised in the consolidated financial statements. The Group operates equity-settled share-based remuneration plans for the remuneration of its employees.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to the share-based payment reserve, net of deferred tax where applicable. If vesting periods or other 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. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Financial liabilities

The Group's financial liabilities include trade and other payables, bank borrowings, invoice discounting facilities and finance lease and hire purchase agreements.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance cost" in the statement of comprehensive income. Financial liabilities are initially recognised at fair value and subsequently measured at amortised costs using the effective interest rate.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective rate of interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative contracts

All derivatives are recognised at fair value through profit or loss. The value of the derivative is reassessed at fair value at each reporting date.

The only material derivative contract in existence during the period relates to an interest collar on the Group's bank borrowings. The Group, from time to time, enters into forward currency collar agreements which are classified as derivative contracts. However, the value of these contracts throughout the period and at the year end are immaterial and as such they have not been valued at 31 March 2010 or 2009.

Research costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

3 SEGMENTAL REPORTING

The Group operates four main business segments:

- Energy: manipulated tubular assemblies for use in power generation, oil and gas and marine sectors.
- Transportation: ferrous, non-ferrous and nylon material tubular assemblies for use in off-highway, medical, and other such applications.
- Aerospace: specialised rigid pipe assemblies for use in the aerospace sector.
- Utilities: the pipefittings sector produces innovative jointing systems for polyethylene pipes, typically within the utility industry.

The financial information detailed below is frequently reviewed by the chief operating decision maker.

Year ended 31 March 2010	Energy £'000	Transportation £'000	Aerospace £'000	Utilities £'000	Unallocated £'000	Total £'000
Revenue						
– from external customers	4,849	4,671	5,014	497	–	15,031
– from other segments	–	–	–	–	–	–
Segment revenues	4,849	4,671	5,014	497	–	15,031
Operating profit pre-intangible amortisation	96	52	128	53	96	425
Intangibles amortisation	–	–	–	–	(118)	(118)
Operating profit	96	52	128	53	(22)	307
Net finance costs	(46)	(16)	(22)	(2)	(43)	(129)
Profit before tax	50	36	106	51	(65)	178
Segmental assets	3,304	1,988	3,040	243	2,177	10,752
Other segment information:						
Capital expenditure	66	45	24	–	–	135
Depreciation	151	165	58	17	1	392

NOTES TO THE FINANCIAL STATEMENTS continued

3 SEGMENTAL REPORTING continued

Year ended 31 March 2009	Energy £'000	Transportation £'000	Aerospace £'000	Utilities £'000	Unallocated £'000	Total £'000
Revenue						
– from external customers	8,428	6,645	5,995	1,177	–	22,245
– from other segments	–	–	–	–	–	–
Segment revenues	8,428	6,645	5,995	1,177	–	22,245
Operating profit pre-intangible amortisation and restructuring costs	702	138	48	259	283	1,430
Restructuring costs	(57)	(143)	(39)	–	–	(239)
Intangibles amortisation	–	–	–	–	(118)	(118)
Operating profit/(loss)	645	(5)	9	259	165	1,073
Net finance costs	(90)	(26)	(56)	(6)	(118)	(296)
Profit before tax	555	(31)	(47)	253	47	777
Segmental assets	3,742	1,884	3,213	145	2,041	11,075
Other segment information:						
Capital expenditure	178	67	80	17	5	347
Depreciation	157	149	55	17	1	379

The Group's revenue from external customers and its geographic allocation of total assets may be summarised as follows:

	Year ended 31 March 2010		Year ended 31 March 2009	
	Revenue £'000	**Assets £'000**	Revenue £'000	Assets £'000
United Kingdom	**10,925**	**10,752**	17,702	11,075
Europe	**3,217**	**–**	2,758	–
Rest of World	**889**	**–**	1,785	–
	15,031	**10,752**	22,245	11,075

4 PROFIT BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	2010 £'000	2009 £'000
Auditors' remuneration:		
Audit of parent and Group consolidation	12	12
Audit of Group subsidiaries	25	25
Non-audit services:		
Corporate taxation	11	11
Operating lease charges:		
Land and buildings	394	385
Plant and equipment	34	41
Motor vehicles	71	77
Restructuring costs	–	239
Depreciation and amortisation:		
Intangible assets	118	118
Property, plant and equipment – owned	315	312
Property, plant and equipment – leased	77	67
Profit on sale of plant and equipment	–	–

The restructuring costs were redundancy costs incurred to reduce the Group's costs in line with forecast sales orders.

5 DIRECTORS' EMOLUMENTS

	2010 Basic £'000	2010 Bonus £'000	2010 Benefits in kind £'000	2010 Pension £'000	2010 Total £'000	2009 Basic £'000	2009 Bonus £'000	2009 Benefits in kind £'000	2009 Pension £'000	2009 Total £'000
N C Paul CBE	25	–	–	–	25	30	–	–	–	30
J Rubins	–	–	–	–	–	15	–	–	–	15
R Allsop	10	–	–	–	10	15	–	–	–	15
M I Welburn*	118	–	17	8	143	119	–	17	8	144
P Lee*	90	–	15	6	111	17	–	3	1	21
N Silverthorne*	53	–	6	4	63	56	–	6	4	66
	296	–	38	18	352	252	–	26	13	291

P Lee was appointed as a Director on 25 February 2009 and his emoluments disclosed above for 2009 start from that date.

J Rubins resigned as a Director on 31 March 2009.

* The executive Directors are classified as the key management personnel of the Group as defined in IAS 24 Related Party Disclosures.

NOTES TO THE FINANCIAL STATEMENTS continued

6 EMPLOYEE COSTS

	2010 Number	2009 Number
The average number of persons (including Directors) employed by the Group during the year was:		
Production	**196**	256
Sales, distribution and administration	**42**	61
	238	317

Staff costs during the year were as follows:	**2010 £'000**	2009 £'000
Wages and salaries	**4,541**	5,643
Social security costs	**407**	452
Other pension costs	**158**	141
	5,106	6,236

7 SHARE-BASED EMPLOYEE REMUNERATION

There are two share-based remuneration schemes in operation:

- Approved Enterprise Management Incentive (EMI) scheme.
- Unapproved share options.

	At 31 March 2009 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	**At 31 March 2010 No. of shares**	Exercise price Pence	Life remaining on options at 31 March 2010 Months
Enterprise Management Incentive (EMI) scheme							
April 2002 – April 2012	210,000	–	–	–	**210,000**	20	24
June 2005 – August 2013	100,000	–	–	(75,000)	**25,000**	10	41
December 2004 – July 2012	200,000	–	–	–	**200,000**	10	28
November 2004 – June 2012	750,000	–	–	–	**750,000**	10	28
July 2006 – November 2015	193,661	–	–	–	**193,661**	17.75	58
March 2009 – March 2019	500,000	–	–	–	**500,000**	10	108
December 2009 – December 2019	–	100,000	–	–	**100,000**	10	117
	1,953,661	100,000	–	(75,000)	**1,978,661**		

The weighted average exercise price of the EMI Scheme at 31 March 2010 was 11.25p (2009: 11.8p). 1,728,661 of options were available for exercise at 31 March 2010 (2009: 1,453,661).

7 SHARE-BASED EMPLOYEE REMUNERATION continued

	At 31 March 2009 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	**At 31 March 2010 No. of shares**	Exercise price Pence	Life remaining on options at 31 March 2010 Months
Unapproved share options							
January 2002 – December 2009	300,000	–	–	(300,000)	–	30	–
November 2006 – June 2013	306,339	–	–	–	**306,339**	17.75	39
November 2007 – Nov 2014	375,000	–	–	–	**375,000**	40	56
	981,339	–	–	(300,000)	**681,339**		
Total share options	2,935,000	100,000	–	(375,000)	**2,660,000**		

The weighted average exercise price of the unapproved share options at 31 March 2010 was 30p (2009: 30p). All options were available for exercise at 31 March 2010 (2009: All options).

The charge for the share options granted in the current year to 31 March 2010 is highly immaterial; therefore, no charge has been recorded in the Group statement of comprehensive income.

In total £Nil of employee remuneration expense has been included in the Group statement of comprehensive income for 31 March 2010 (31 March 2009: £Nil) which gave rise to the share-based payment reserve.

8 FINANCE INCOME AND EXPENSE

	2010 £'000	2009 £'000
Bank interest receivable	**3**	20
Finance income	**3**	20
Invoice discounting interest	**32**	100
Fair value charge for interest rate collar (note 24)	**(8)**	100
Effective interest charge on borrowings	**90**	92
Interest on hire purchase agreements and finance leases	**18**	24
Finance expense	**132**	316

NOTES TO THE FINANCIAL STATEMENTS continued

9 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax is based on the profit for the year and represents:

	2010 £'000	2009 £'000
UK corporation tax	**43**	292
Adjustments in respect of prior years	**20**	(55)
Current tax charge for the years	**63**	237
Deferred taxation (note 18)	**(34)**	(45)
Tax on profit on ordinary activities	**29**	192

The tax assessed is different to the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are explained as follows:

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	**178**	777
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	**50**	218
Effect of:		
Expenses not deductible for tax purposes	**43**	77
Capital allowances in excess of depreciation	**42**	14
Unutilised tax losses	**(35)**	(16)
Other temporary differences	**(46)**	(1)
Effects of other tax rates	**(11)**	–
Adjustments in respect of prior years	**20**	(55)
	63	237

At 31 March 2010 the Group had tax losses of £207,000 (2009: £331,000) to offset against future profits within the United Kingdom.

10 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

		31 March 2010	
	Profit £'000	**Weighted average number of shares Number '000**	**Earnings per share Pence**
Basic earnings per share	**149**	**32,979**	**0.45p**
Dilutive shares	**–**	**–**	**–**
Diluted earnings per share	**149**	**32,979**	**0.45p**

		31 March 2009	
	Profit £'000	Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	585	33,020	1.77p
Dilutive shares	–	1,198	–
Diluted earnings per share	585	34,218	1.71p

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

		31 March 2010	
	Profit £'000	**Weighted average number of shares Number '000**	**Earnings per share Pence**
Basic earnings per share	**149**	**32,979**	**0.45p**
Amortisation	**118**	**–**	**–**
Interest rate collar gain	**(8)**	**–**	**–**
Adjusted earnings per share	**259**	**32,979**	**0.79p**
Dilutive shares	**–**	**–**	**–**
Diluted adjusted earnings per share	**259**	**32,979**	**0.79p**

NOTES TO THE FINANCIAL STATEMENTS continued

10 EARNINGS PER SHARE continued

	Profit £'000	31 March 2009 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	585	33,020	1.77p
Amortisation	118	–	–
Restructuring costs	239	–	–
Interest rate collar loss	100	–	–
Adjusted earnings per share	1,042	33,020	3.16p
Dilutive shares	–	1,198	–
Diluted adjusted earnings per share	1,042	34,218	3.05p

11 GOODWILL

	Total £'000
Cost	
At 31 March 2009 and 31 March 2010	591
Impairment	
At 1 April 2008, 31 March 2009 and 31 March 2010	–
Net book value	
At 1 April 2008	591
At 31 March 2009	591
At 31 March 2010	**591**

Goodwill above relates to the following cash-generating units:

	Date of acquisition	**Original cost £'000**
Redman Fittings Limited	June 1999	60
RMDG Aerospace Limited	June 2006	140
Maxpower Automotive Limited	June 2007	391
		591

11 GOODWILL continued

Goodwill arising on consolidation, represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired.

The Group tests annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The recoverable amounts of the cash generating units (CGUs) are determined from value in use calculations, covering a detailed five year forecast and applying a discount rate of 5.4%.

Management's key assumptions are based on their past experience and future expectations of the market over the longer term.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs during the year.

Apart from the considerations described in determining the value-in-use of the cash-generating unit above, the Group management does not believe that modest changes on the assumptions underlying the value in use calculation would have an impact on the carrying value of goodwill.

After applying sensitivity analysis in respect of the results and future cash flows, in particular for presumed growth rates and discount rates, management believe that no impairment was required. Management is not aware of any other changes that would necessitate change to its key estimates.

12 INTANGIBLE ASSETS

	Brand names £'000	Customer contracts £'000	Total £'000
Cost			
At 1 April 2008	830	312	1,142
At 1 April 2009 and 31 March 2010	830	312	1,142
Amortisation			
At 1 April 2008	(66)	(47)	(113)
Charge for the year	(56)	(62)	(118)
At 1 April 2009	(122)	(109)	(231)
Charge for the year	(56)	(62)	(118)
At 31 March 2010	(178)	(171)	(349)
Net book value			
At 1 April 2008	764	265	1,029
At 31 March 2009	708	203	911
At 31 March 2010	**652**	**141**	**793**

All intangible asset amortisation is included in the Group statement of comprehensive income under amortisation of intangibles as detailed on the face of the Group statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS continued

13 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2008	4,139	43	4,182
Additions	347	–	347
At 31 March 2009	4,486	43	4,529
Additions	136	–	136
At 31 March 2010	4,622	43	4,665
Depreciation			
At 1 April 2008	2,726	42	2,768
Charge for the year	378	1	379
At 31 March 2009	3,104	43	3,147
Charge for the year	392	–	392
At 31 March 2010	3,496	43	3,539
Net book value			
At 1 April 2008	1,413	1	1,414
At 31 March 2009	1,382	–	1,382
At 31 March 2010	**1,126**	**–**	**1,126**

The net book value of fixed assets includes £421,000 (2009: £492,000) in respect of assets held under finance leases and hire purchase contracts.

14 PRINCIPAL SUBSIDIARIES

At 31 March 2010 the principal subsidiaries of the Group were as follows:

Name of subsidiary undertaking	Country of incorporation	Description of shares held	% of nominal value of shares held	Principal business activity
MTC Holdings Limited	United Kingdom	Ordinary	100	Intermediate holding company
Malvern Tubular Components Limited*	United Kingdom	Ordinary	100	Manufacturer of tubular components
Redman Fittings Limited	United Kingdom	Ordinary	100	Sales and marketing company for specialist pipe fittings
RMDG Aerospace Limited	United Kingdom	Ordinary	100	Manufacturer of aerospace fittings
Maxpower Automotive Limited	United Kingdom	Ordinary	100	Manufacturer of highway and automotive tubular and pipe components
Robert Morton DG Limited*	United Kingdom	Ordinary	100	Dormant
ISSquared Limited	United Kingdom	Ordinary	100	Dormant
Searchwell Limited	United Kingdom	Ordinary	100	Dormant
Integrated Statistical Solutions Limited	United Kingdom	Ordinary	100	Dormant

* Held by a subsidiary undertaking.

15 INVENTORIES

	2010 £'000	2009 £'000
Raw materials	**1,529**	2,173
Work in progress	**934**	1,182
Finished goods	**644**	462
	3,107	3,817

In the year to 31 March 2010, a total of £6,782,000 of inventory (2009: £9,746,000) was included in the statement of comprehensive income as an expense.

NOTES TO THE FINANCIAL STATEMENTS continued

16 TRADE AND OTHER RECEIVABLES

	2010 £'000	2009 £'000
Trade receivables	**3,633**	3,475
Impairment of trade receivables	**(5)**	(5)
	3,628	3,470
Other receivables	**20**	9
Prepayments and accrued income	**191**	182
Total	**3,839**	3,661

At 31 March 2010, some of the unimpaired trade receivables are past their due date but all are considered recoverable. The age of financial assets past due but not impaired, is as follows:

	2010 £'000	2009 £'000
Not more than one month	**980**	1,123
Not more than two months	**381**	499
Not more than three months	**137**	91
	1,498	1,713

Trade and other receivables are usually due within 30-60 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade and other receivables as the amounts recognised represent a large number of receivables from various customers.

The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

17 CASH AND CASH EQUIVALENTS

	2010 £'000	2009 £'000
Cash and cash equivalents	**1,296**	713

Cash and cash equivalents consist of cash on hand and balances with banks only. At the year end £518,000 (2009: £219,000) of cash on hand and balances with banks were held by the subsidiary undertakings, however this balance is available for use by the Group.

18 DEFERRED TAXATION

The deferred tax included in the statement of financial position arose in the following areas:

	Assets		Liabilities	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Intangible assets	**–**	–	**(228)**	(273)
Plant and equipment	**–**	–	**(61)**	(87)
Trade and other payables	**4**	4	**–**	–
Share-based payment charge	**–**	37	**–**	–
	4	41	**(289)**	(360)

The movement in the deferred taxation account during the year was:

	Assets		Liabilities	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Balance brought forward	**41**	54	**(360)**	(418)
Group statement of comprehensive income movement arising during the year	**(37)**	(13)	**71**	58
Balance carried forward	**4**	41	**(289)**	(360)

As at 31 March 2010 the Group has unprovided deferred tax assets as follows:

	Unprovided	Unprovided
	2010	2009
	£'000	£'000
Trading losses	**(58)**	(93)

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

19 TRADE AND OTHER PAYABLES

	2010	2009
	£'000	£'000
Trade and other payables	**2,175**	1,490
Other taxation and social security	**513**	382
Accruals	**672**	1,025
	3,360	2,897

Due to the short-term duration of trade and other payables the carrying value in the statement of financial position represents the fair value of the liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

20 BORROWINGS

	2010 £'000	2009 £'000
Current borrowings		
Bank borrowings	**292**	292
Invoice discounting facility	**1,388**	1,620
Hire purchase agreements and finance lease liabilities (note 21)	**54**	117
	1,734	2,029
Non-current borrowings		
Bank borrowings	**386**	677
Hire purchase agreements and finance lease liabilities (note 21)	**17**	71
	403	748

The future contractual payments, including interest, for bank borrowings and invoice discounting facility are as follows:

	2010 £'000	2009 £'000
In one year or less or on demand		
Bank loan	**373**	382
Invoice discounting facility	**1,388**	1,620
In more than one year but not more than two years:		
Bank loan	**365**	373
In more than two years but not more than three years:		
Bank loan	**116**	365
In more than three years but not more than four years:		
Bank loan	**–**	116
	2,242	2,856

20 BORROWINGS continued

Bank loan

The Group obtained £1,400,000 bank borrowing in 2007, repayable over five years. Interest is charged at 2.25% over bank base rate. The borrowings are recorded in the statement of financial position with interest charged at an effective rate over the life of the borrowings. The bank borrowings are secured against the assets of the Group.

There is no significant difference between the carrying value and the fair value of the bank loan.

Invoice discounting facility

The invoice discounting facility is secured against the trade receivables to which it relates. Interest is paid at 2.15% over bank base rate per annum.

21 HIRE PURCHASE AGREEMENTS AND FINANCE LEASE LIABILITIES

The commitments under hire purchase agreements and finance lease liabilities are as follows:

31 March 2010	**Within 1 year**	**Within 1-2 years**	**Within 2-5 years**	**Total**
Payments	**60**	**18**	**–**	**78**
Discounting	**(6)**	**(1)**	**–**	**(7)**
	54	**17**	**–**	**71**
31 March 2009				
Payments	129	66	12	207
Discounting	(12)	(6)	(1)	(19)
	117	60	11	188

The hire purchase agreements and finance lease liabilities are secured against the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS continued

22 FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising cash and short-term deposits, a bank loan, invoice discounting and hire purchase agreements and finance leases. The Group has items such as trade receivables and trade payables that arise directly from its operations.

Trade and other receivables and trade and other payables

The Group manages its trade receivables to ensure that credit risk is minimised by avoiding concentration with any one customer. All trade receivables have set credit terms which are monitored.

The Group works to ensure that it receives acceptable trading terms from its suppliers. The invoice discounting facility provides immediate funds on approved trade receivables.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of deposits, bank loans, 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.

Interest rate risk

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's 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. The Group pays interest on:

- bank loan at 2.25% over base rate
- invoice discounting at 2.15% over base rate
- finance leases at 3.0% to 3.5% over base rate

The exposure to interest rate risk on its bank loan is reduced by the use of an interest rate cap and collar arrangement (see note 24).

If the Group's interest rates were to rise/fall by 10% then the interest charge within the financial statements would increase/decrease by £1,000 (2009: £7,000), equity and reserves would reduce/increase by the same amount, and the charge would be £130,000/£128,000 (2009: £303,000/£289,000).

22 FINANCIAL INSTRUMENTS continued

Foreign currency risk

The Group transacts certain purchases and sales in foreign currencies. At 31 March 2010 there were no (2009: two) foreign currency forward contracts in force.

Foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the statement of comprehensive income of the Group.

If the US Dollar and Euro were to fall/rise by 10% on the closing rate and average annual rate at 31 March 2009 then Group profits would rise/fall by £36,000 at 31 March 2010 (2009: £87,000) and equity and reserves would increase/reduce by the same amount.

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 partially responded to this risk by sourcing materials in low cost countries. In addition, any increases in the cost of steel would be passed onto customers.

If steel prices were to fall/rise by 10% on the closing year end price, and the Group was unable to pass the increase onto customers, then Group profits would rise/fall by £116,000 at 31 March 2010 (2009: £168,000) and equity and reserves would increase/reduce by the same amount.

Financial assets and liabilities

The IAS 39 categories of financial assets included in the statement of financial position and the headings in which they are included are as follows:

	2010	2009
	£'000	£'000
Non financial asset	**191**	182
Loans and other receivables	**4,944**	4,192
Total assets	**5,135**	4,374

The financial assets are included in the statement of financial position in the following headings:

Current assets		
Trade and other receivables	**3,839**	3,661
Cash and cash equivalents	**1,296**	713
	5,135	4,374

NOTES TO THE FINANCIAL STATEMENTS continued

22 FINANCIAL INSTRUMENTS continued

The IAS 39 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2010 £'000	2009 £'000
Non financial liability	**513**	362
Financial liabilities at fair value through the profit and loss account	**104**	112
Financial liabilities measured at amortised cost	**4,984**	5,312
Total liabilities	**5,601**	5,786

The financial liabilities are included in the statement of financial position in the following headings:

	2010 £'000	2009 £'000
Current liabilities		
Trade and other payables	**3,360**	2,897
Financial liabilities at fair value through the profit and loss account	**104**	112
Borrowings	**1,734**	2,029
Non-current liabilities		
Borrowings	**403**	748
	5,601	5,786

Fair value hierarchy

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy prescribed by IFRS 7 Financial Instruments Disclosures. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 2010 £'000	Level 2 2010 £'000	Level 3 2010 £'000	Total 2010 £'000
Interest rate collars	–	104	–	104

23 CAPITAL MANAGEMENT POLICIES PROCEDURES

The Group's capital management objectives are:

- to ensure that the Group can continue as a going concern;
- to ensure the Group has adequate resource to support the strategy of the Group; and
- to provide a return to the Group's shareholders.

The Group's capital equals total equity less cash and cash equivalents. The Group's financing includes total equity plus borrowings. The borrowings have been taken out to provide working capital for the Group.

24 DERIVATIVES

In February 2008, the Group entered into an interest rate collar agreement with its bankers against its bank loan. Under the agreement, the interest payable by the Group under the loan cannot exceed 6.0% or drop below 4.4% of the bank loan balance. The fair value of this derivative has been assessed as at the 31 March 2010 and is £104,000 liability (2009: £112,000 liability). The derivative is classified as fair value through the profit or loss and is recorded in the profit or loss under finance costs (note 8).

The fair value of the interest rate collar has been determined based on the discounted difference between the interest payable during the life of the collar discounted and the interest that would be payable at variable rates if the collar did not exist. The variable interest payable is based on a forecast long-term interest rate curve as at the year end.

25 SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised		
100,000,000 ordinary shares of 10 pence each	**10,000**	10,000
Allotted and issued (including shares held in treasury)		
33,020,000 (2009: 33,020,000) ordinary shares of 10 pence each	**3,302**	3,302

All 10 pence ordinary shares carry the same voting rights and rights to discretionary dividends.

On 11 March 2010 the Group purchased 875,000 of its own ordinary shares in the open market into treasury at a price of 5.5 pence per ordinary share. This is shown as a separate line in equity in the Group statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS continued

26 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2010 or 31 March 2009.

27 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2010 or 31 March 2009.

28 LEASING COMMITMENTS

The Group's aggregate minimum operating lease payments for the remaining lives of the leases are as follows:

	2010 Land and buildings £'000	2009 Land and buildings £'000	**2010 Other £'000**	2009 Other £'000
In one year or less	**391**	391	**99**	59
One to five years	**1,512**	1,555	**106**	70
Greater than five years	**646**	860	**–**	–
	2,549	2,806	**205**	129

29 TRANSACTIONS WITH RELATED PARTIES

There are no transactions with related parties other than key management as disclosed in note 5 of the Group financial statement.

Tricorn Group plc

Company Statutory Financial Statements Under UK GAAP

For the year ended 31 March 2010

Company number 1999619

Contents

COMPANY STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Company only financial statements ("financial statements") in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TRICORN GROUP plc

for the year ended 31 March 2010

We have audited the parent company financial statements of Tricorn Group plc for the year ended 31 March 2010 which comprise the parent company balance sheet and notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 Directors and Auditors

As explained more fully in the Directors' Responsibilities statement set out on page 7, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Tricorn Group plc for the year ended 31 March 2010.

Mark Taylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
9 June 2010

COMPANY BALANCE SHEET

at 31 March 2010

	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible fixed assets		**3**	4
Investments	7	**6,196**	6,196
		6,199	6,200
CURRENT ASSETS			
Debtors: amounts due within one year	8	**1,535**	1,857
Cash at bank and in hand		**778**	494
		2,313	2,351
CREDITORS: amounts falling due within one year	9	**(1,070)**	(2,750)
NET CURRENT ASSETS/(LIABILITIES)		**1,243**	(399)
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,442**	5,801
CREDITORS: amounts falling due after more than one year	10	**(386)**	(677)
NET ASSETS		**7,056**	5,124
CAPITAL AND RESERVES			
Called up share capital	11	**3,302**	3,302
Share premium account	12	**1,448**	1,448
Share-based payment reserve	12	**193**	193
Merger reserve	12	**1,592**	1,592
Investment in own shares	12	**(49)**	–
Profit and loss account	12	**570**	(1,411)
SHAREHOLDERS' FUNDS		**7,056**	5,124

The financial statements were approved by the Board of Directors on 9 June 2010 .

Mike 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 2010

1 BASIS OF PREPARATION

The separate financial statements of the Company have been prepared under the historical cost convention and in accordance with UK accounting standards.

The principal activity of the Company is that of a holding company which has remained unchanged from the previous year.

2 ACCOUNTING POLICIES

Investments

Investments held by the Company are included at cost less amounts written off. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of Section 612 of the Companies Act 2006 apply, cost represents the nominal value of shares issued together with the fair value of any additional consideration given and costs.

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.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company 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.

Share-based payments

All share-based payment arrangements are recognised in the parent company's financial statements. The Company operates equity-settled share-based remuneration plans for the remuneration of employees of the Company and its subsidiaries. Options are issued by the parent to the employees of the Company and its subsidiaries. The charge for the share-based remuneration is recognised in the parent company profit and loss account.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to the share-based payment reserve, net of deferred tax where applicable. If vesting periods or other 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. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Equity

Share capital is determined using the nominal value of shares that have been issued. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. When the Company purchases its own shares, the consideration is deductible from equity attributable to the Company's equity holders until the shares are either cancelled or reissued. When this happens, any consideration received is included in equity attributable to equity holders. Treasury shares are held at cost.

NOTES TO THE FINANCIAL STATEMENTS continued

2 ACCOUNTING POLICIES continued

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking when the Company has taken advantage of merger relief.

The profit and loss account includes all current and prior period results.

3 PROFIT FOR THE FINANCIAL YEAR

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's profit for the year was £1,981,000 (2009: £207,000).

Auditors' remuneration incurred by the Company during the year for audit services totalled £11,000 (2009: £11,000), and for tax compliance services totalled £2,000 (2009: £2,000).

4 DIRECTORS AND EMPLOYEES REMUNERATION

Staff costs during the year were as follows:

	2010 £'000	2009 £'000
Wages and salaries	**480**	633
Social security costs	**48**	68
Other pension costs	**26**	27
	554	728

The average number of persons (including Directors) employed by the Company during the year was 9 (2009: 13).

5 DIRECTORS' EMOLUMENTS

	2010					2009				
	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 CBE	**25**	**–**	**–**	**–**	**25**	30	–	–	–	30
J Rubins	**–**	**–**	**–**	**–**	**–**	15	–	–	–	15
R Allsop	**10**	**–**	**–**	**–**	**10**	15	–	–	–	15
M I Welburn*	**118**	**–**	**17**	**8**	**143**	119	–	17	8	144
P Lee*	**90**	**–**	**15**	**6**	**111**	17	–	3	1	21
N Silverthorne*	**53**	**–**	**6**	**4**	**63**	56	–	6	4	66
	296	**–**	**38**	**18**	**352**	252	–	26	13	291

P Lee was appointed as a Director on 25 February 2009 and his emoluments disclosed above for 2009 start from that date.

J Rubins resigned as a Director on 31 March 2009.

6 SHARE-BASED EMPLOYEE REMUNERATION

There are two share-based remuneration schemes in operation:

- Approved Enterprise Management Incentive (EMI) scheme; and
- Unapproved share options.

	At 31 March 2009 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	**At 31 March 2010 No. of shares**	Exercise price Pence	Life remaining on options at 31 March 2010 Months
Enterprise Management Incentive (EMI) scheme							
April 2002 – April 2012	210,000	–	–	–	**210,000**	20	24
June 2005 – August 2013	100,000	–	–	(75,000)	**25,000**	10	41
December 2004 – July 2012	200,000	–	–	–	**200,000**	10	28
November 2004 – June 2012	750,000	–	–	–	**750,000**	10	28
July 2006 – November 2015	193,661	–	–	–	**193,661**	17.75	58
March 2009 – March 2019	500,000		–	–	**500,000**	10	108
December 2009 – December 2019	–	100,000	–	–	**100,000**	10	117
	1,953,661	100,000	–	(75,000)	**1,978,661**		

The weighted average exercise price of the EMI Scheme at 31 March 2009 was 11.25p (2009: 11.8p). 1,728,661 of options were available for exercise at 31 March 2010 (2009: 1,453,661).

Unapproved share options							
January 2002 – December 2009	300,000	–	–	(300,000)	**–**	30	–
November 2006 – June 2013	306,339	–	–	–	**306,339**	17.75	39
November 2007 – Nov 2014	375,000	–	–	–	**375,000**	40	56
	981,339	–	–	(300,000)	**681,339**		
Total share options	2,935,000	100,000	–	(375,000)	**2,660,000**		

The weighted average exercise price of the unapproved share options at 31 March 2010 was 30p (2009: 30p). All were available for exercise at 31 March 2010 (2009: all options).

The charge for the share options granted in the current year to 31 March 2010 is highly immaterial; therefore, no charge has been recorded in the profit and loss account.

In total £Nil of employee remuneration expense has been included in the Company profit and loss account for 31 March 2010 (31 March 2009: £Nil) which gave rise to the share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS continued

7 FIXED ASSET INVESTMENTS

	Total £'000
Cost	
At 1 April 2009 and 31 March 2010	7,478
Impairment	
At 1 April 2009 and 31 March 2010	(1,282)
Net book value	
At 31 March 2010	**6,196**
At 31 March 2009	6,196

At 31 March 2010 the Company holds 100% of the ordinary share capital of the following subsidiaries:

Name of subsidiary undertaking	Country of incorporation	Description of shares held	% of nominal value of shares held	Principal business activity
MTC Holdings Limited	United Kingdom	Ordinary	100	Intermediate holding company
Malvern Tubular Components Limited*	United Kingdom	Ordinary	100	Manufacturer of tubular components
Redman Fittings Limited	United Kingdom	Ordinary	100	Sales and marketing company for specialist pipe fittings
RMDG Aerospace Limited	United Kingdom	Ordinary	100	Manufacturer of aerospace fittings
Maxpower Automotive Limited	United Kingdom	Ordinary	100	Manufacturer of highway and automotive tubular and pipe components
Robert Morton DG Limited*	United Kingdom	Ordinary	100	Dormant
ISSquared Limited	United Kingdom	Ordinary	100	Dormant
Searchwell Limited	United Kingdom	Ordinary	100	Dormant
Integrated Statistical Solutions Limited	United Kingdom	Ordinary	100	Dormant

* Held by a subsidiary undertaking.

8 DEBTORS

	2010 £'000	2009 £'000
Amounts owed by subsidiary undertakings	**1,504**	1,780
Other debtors	**4**	5
Prepayments and accrued income	**27**	35
Deferred tax	**–**	37
	1,535	1,857

9 CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Bank borrowings	**292**	292
Other creditors	**2**	2
Trade creditors	**41**	57
Amounts due to subsidiary undertakings	**629**	2,241
Other taxes and social security	**17**	6
Corporation tax	**13**	59
Accruals and deferred income	**76**	93
	1,070	2,750

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £'000	2009 £'000
Bank borrowings	**386**	677

Borrowings are repayable as follows:

	2010 £'000	2009 £'000
Within one year		
– bank borrowings	**292**	292
After one and within two years		
– bank borrowings	**292**	292
After two and within five years		
– bank borrowings	**94**	385
	678	969

The bank loan is secured against the assets of the Company and its subsidiaries. Interest is paid at base rate plus 2.25% and is repayable over five years.

NOTES TO THE FINANCIAL STATEMENTS continued

11 SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised		
100,000,000 ordinary shares of 10 pence each	**10,000**	10,000
Allotted and issued (including shares held in treasury)		
33,020,000 (2009: 33,020,000) ordinary shares of 10 pence each	**3,302**	3,302

All 10 pence ordinary shares carry the same voting rights and rights to discretionary dividends.

On 11 March 2010 the Group purchased 875,000 of its own ordinary shares in the open market into treasury at a price of 5.5 pence per ordinary share. This is shown as a separate line in Equity.

12 RESERVES

	Share premium £'000	Share-based payment reserve £'000	Merger reserve £'000	Investment in own shares £'000	Profit and loss account £'000
At 1 April 2009	1,448	193	1,592	–	(1,411)
Retained profit for the year	–	–	–	–	1,981
Purchase of own shares	–	–	–	(49)	–
At 31 March 2010	**1,448**	**193**	**1,592**	**(49)**	**570**

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Profit for the financial year	**1,981**	207
Purchase of own shares	**(49)**	–
Net increase to shareholders' funds	**1,932**	207
Opening shareholders' funds	**5,124**	4,917
Closing shareholders' funds	**7,056**	5,124

14 CONTINGENT LIABILITIES

The Company has given an unlimited guarantee against the bank borrowings of its subsidiaries. At 31 March 2010 the balances amounted to Nil (2009: Nil).

There were no further contingent liabilities at 31 March 2010 or 31 March 2009.

15 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2010 or at 31 March 2009.

16 RELATED PARTIES

The Company has taken advantage of the exemption under FRS 8 from disclosure of related party transactions with other Group companies, on the grounds that they are wholly owned subsidiaries.

COMPANY INFORMATION

Company registration number:
1999619

Registered office:
Spring Lane
Malvern Link
Malvern
Worcestershire
WR14 1DA

Directors:
Nicholas Campbell Paul CBE (Chairman and non-executive Director)
Michael Ian Welburn (Chief Executive Officer)
Noel Silverthorne (Technical Director)
Phillip Lee (Finance Director)
Roger Allsop (non-executive Director)

Secretary:
Michael Greensmith

Nominated adviser and broker:
Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street
London
EC2Y 9AR

Registrars:
Neville Registrars Limited
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18 Laurel Lane
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Solicitors:
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Auditors:
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Registered Auditors
Chartered Accountants
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SHAREHOLDER NOTES

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