TRICORN GROUP PLC

ANNUAL REPORT AND ACCOUNTS 2013

川肯集团公司

2013 年度报告和财务报告

MAXPOWER REDMAN FTP MTC RMD3 AEROSPACE

THE FUTURE OF GLOBAL TUBULAR SOLUTIONS

全球管件供应方案的引领者

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, investing in employee development, the resourcing of materials to low cost countries and the utilisation of Group resources.

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.

CONTENTS

TIMELINE OF MAJOR EVENTS

March 2013: Acquired Franklin Tubular Products Inc

March 2013: First products shipped from our manufacturing facility in Wuxi, China

March 2012: Announced investment in China manufacturing facility

June 2007: Acquired Maxpower Automotive Limited

June 2006: Acquired RMDG Aerospace Limited

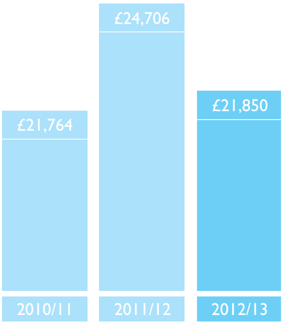
June 2005: China team based in Nanjiing established

December 2001: Listed on AIM

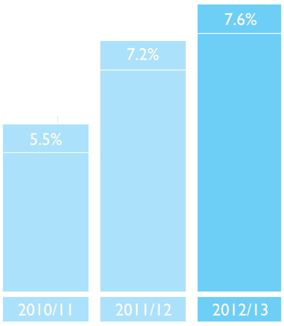
HIGHLIGHTS

The financial year to March 2013 has been transformational for the Group, which now has five manufacturing facilities on three continents, providing a strong platform for substantial growth.

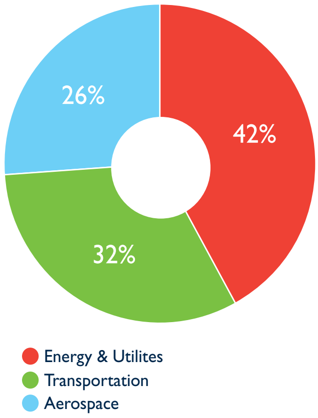
REVENUE (£'000)



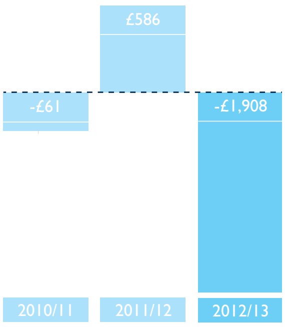
OPERATING PROFIT MARGIN (%)



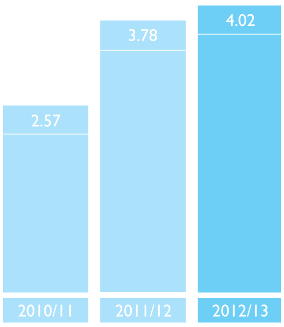
REVENUE BY SECTOR (%)



NET DEBT/CASH (£'000)



ADJUSTED EPS (pence)



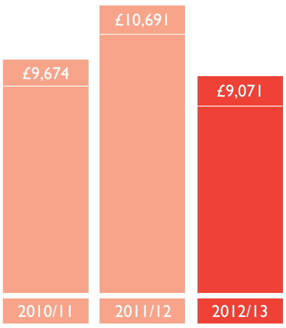
OPERATIONAL HIGHLIGHTS

- Significant progress in developing capability as a global tube solutions provider
- First shipments made from China manufacturing facility
- US acquisition provides strong platform for growth
- Around 90% of the Group's final product ultimately destined for markets outside the UK
- Operating margins improved to 7.6%
- Progressive dividend policy maintained, with full year dividend up 50%

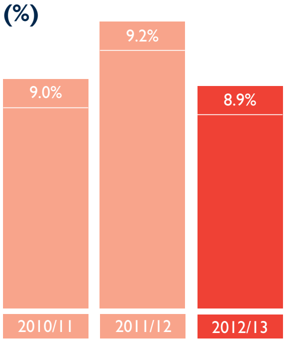
TRICORN GROUP AT A GLANCE
OPERATING GLOBALLY SERVING LOCALLY

ENERGY & UTILITIES

REVENUE (£'000)



OPERATING PROFIT MARGIN (%)



KEY MARKETS — POWER GENERATION, MINING, OIL & GAS


MTC UK facility

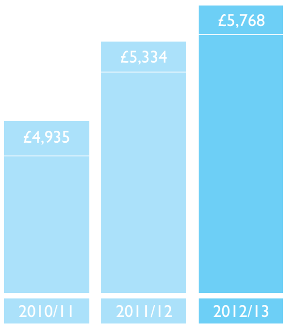


MTC UK bending and product capability

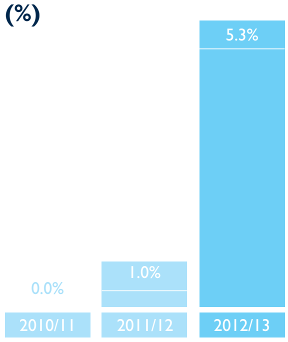
- Based in Malvern, Worcestershire, UK
- Leading supplier of tubular assemblies into power generation, mining and oil & gas sectors
- Supplying major blue chip OEM customers worldwide
- Ability to produce fabricated tubular assemblies to over 270mm diameter
- Recent significant investments in electric bending capability and a new painting facility
- Patented technology for joining multi layer polyethylene pipe systems for utility companies

AEROSPACE

REVENUE (£'000)



OPERATING PROFIT MARGIN (%)



KEY MARKETS — CIVIL AEROSPACE, MILITARY AEROSPACE


RMDG UK facility

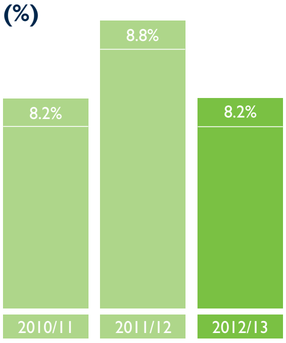

RMDG product capability

- Acquired by the Tricorn Group in 2006
- Based in Swadlincote, Derbyshire, UK
- Producer of rigid pipes and assemblies for aero engines and the wider aviation market
- International blue chip OEM customer base covering civil and military sectors
- Bending capabilities covering stainless steel, titanium and exotic metals
- Internal X-Ray, NDT and pressure testing capabilities

TRANSPORTATION

REVENUE
(£'000)

OPERATING PROFIT MARGIN
(%)



Operates in » West Bromwich (UK), USA and China

KEY MARKETS — OFF-HIGHWAY (AGRICULTURAL, CONSTRUCTION) AND ON-HIGHWAY (TRUCK, AUTOMOTIVE)

UK

- Acquired by Tricorn Group in 2007
- Develops and manufactures steel, nylon and hybrid (steel/nylon) tubular assemblies predominantly for off highway applications
- Recent investments in capability and facilities to support new customer projects
- Highly developed inspection fixtures for new customer programmes

CHINA

- Announced facility investment in March 2012
- Customer led investment supplying steel, nylon and hybrid (steel/nylon) assemblies to major blue chip OEM customers in Asia.
- First shipments made from the facility
- Nominations for supply already received from additional customers
- Enhancing capability in the region with the formation of a joint venture for larger pipe diameters

US

- Acquired in March 2013
- Strategic development for the Group in North America
- Supplies tubular assemblies to major US blue chip organisations in the diesel engine, agricultural and on & off highway sectors
- Nominations for supply from new customers received

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2013

PERFORMANCE IN THE YEAR ENDED 31 MARCH 2013

The Group has made significant progress in the year in developing its capability as a global tube solutions provider. This has included the establishment of a new wholly owned manufacturing facility in China and the acquisition of a tubular products manufacturing business in the USA; all developments being funded entirely from the Group's balance sheet. These strategic advances create a high quality global manufacturing and supply business capable of considerable growth in its niche markets worldwide.

The first product shipments have already been made from the Chinese facility less than 12 months from when the Group announced its intention to expand in the region. With nominations for supply now being received from a wider customer base the Board is optimistic regarding future business development in this key market.

On 4 March 2013, the Group acquired the trade and certain assets of the former Whitley Products Inc for a total cash consideration of $2.99m (£1.98m). A new company was formed, Franklin Tubular Products Inc, comprising the facility in North Carolina and certain plant and equipment from the Indiana facility. The transfer of equipment from Indiana was completed as planned and the business is supplying key customers with product previously made there. A highly capable local management team is in place, a USA Vice President of Sales has been appointed and the Board is encouraged with the opportunities for growth in this important market.

7.6%
Operating margin up 6%

0.3p per share
Payment to shareholders up to 50%

"Today the the Group has five manufacturing facilities on three continents with around 90% of the final product ultimately destined for markets outside of the UK."

The Group is pleased to report underlying PBT* in line with the previous year at £1.614m (2012: £1.622m), despite generally softer markets through the second half of the year in Energy and Transportation.

Given the continued strong performance of the Group and its confidence in future prospects the Board will be recommending the payment of a final dividend of 0.2p. The full year dividend of 0.3p represents a 50% increase on the previous year (2012: 0.2p) and continues to reinforce the Group's commitment to a longer term progressive dividend policy.

OPERATIONAL REVIEW

The Group operates three main business segments which are focused on the Energy & Utilities, Transportation and Aerospace sectors. The businesses serve a global blue chip OEM customer base, many of whom have major facilities in the UK and the rest of the world. Today the Group has five manufacturing facilities on three continents with around 90% of the final product ultimately destined for markets outside of the UK.

Revenue for the year was £21.850m (2012: £24.706m). The underlying operating profit margin was 7.6%, up 6% over the previous year, and underlying PBT was in line with the previous year at £1.614m (2012: £1.622m).

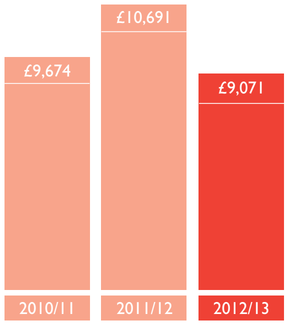
* Before acquisition related costs, China start-up costs, restructuring costs, intangible asset amortisation, share based payment charges, foreign exchange derivative valuation and interest rate collar valuation.

ENERGY & UTILITIES

Malvern Tubular Components 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 & gas applications.

Revenue for the year was £9.071m compared to £10.691m for the previous year. The operating margin remained similar to the previous year at 8.9% (2012: 9.2%) with the efficiency gains from the investment in plant and equipment offsetting the impact of the lower volumes.

PROFIT BEFORE TAX £'000



TRANSPORTATION

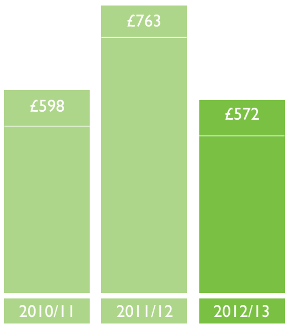
The Division is focused on nylon, rigid and hybrid tubular products for engines, braking systems and fuel sender sub-systems.

Revenue for the year was £7.011m compared to £8.681m for the previous year which was a particularly strong comparative period having been driven by the impending introduction of new engine emissions legislation.

Underlying operating margin after excluding China start-up costs was 8.2% (2012: 8.8%)

The UK business was awarded Supplier Quality Excellence Process (SQEP) certification by its largest customer in the year in recognition of its commitment to delivering world class operational performance.

PROFIT BEFORE TAX £'000



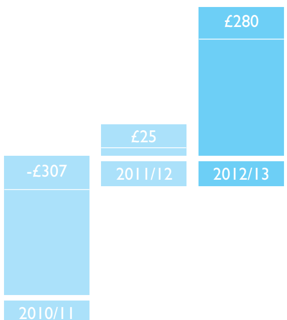
AEROSPACE

RMDG Aerospace supplies rigid pipe assemblies used in a variety of applications within the Aerospace sector.

The Division had a strong year with revenue at £5.768m up 8.1% on the previous year. The operating profit margin at 5.3% was also significantly up on the previous year.

Following the contract loss announced in November 2012 the division has been working hard to secure additional business from existing and new customers. It has achieved some notable success in this area but will see revenue reduce through the current year. Whilst there will be some restructuring in response to the lower volume, the business remains well positioned to take advantage of growth opportunities from both within the aerospace sector and other specialist niche markets.

PROFIT BEFORE TAX £'000



OUR BUSINESS
OUR GOVERNANCE
OUR FINANCIALS

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT continued

FOR THE YEAR ENDED 31 MARCH 2013

EXPANSION IN CHINA

China is a key strategic market for the Group and it is pleasing to report the significant progress that has been made since the Company announced its intention to establish a manufacturing facility in the region in March 2012.

The Group's wholly owned facility in Wuxi is now operational with the first shipments made to its lead customer. With nominations for supply now being received from a wider customer base the outlook is encouraging.

Production lines continue to be developed and the latest addition will be an in-house painting facility which is currently being installed.

The Group is also in the advanced stages of establishing a joint venture in China which will further enhance its production capabilities in some of the larger diameter pipe sizes.

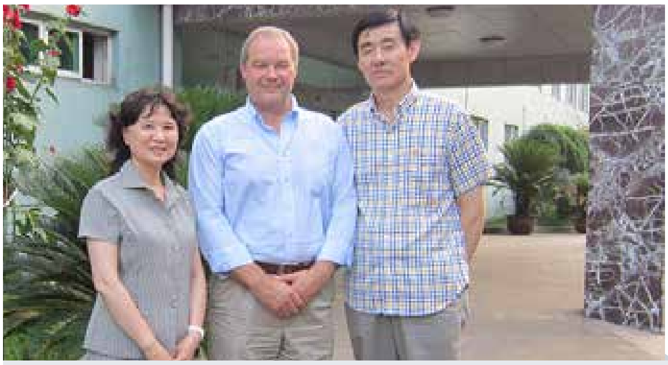
US ACQUISITION

The acquisition of the trade and certain assets of the former Whitley Products Inc and the subsequent formation of Franklin Tubular Products Inc mark a further key strategic development for the Group. The product transfers from the Plymouth facility have been completed and the integration of the business within the Transportation Division of the Group has proceeded to plan. The business has a strong management team, highly complementary production capabilities and positions the Group well to develop US market share. The response from both existing and new customers has been encouraging.

FINANCIAL REVIEW

This financial year has seen the Group complete on some transformational transactions which enhance its capabilities and provide it with a strong global position. The financial performance and management of the last few years has enabled the Group to fund these opportunities directly from its balance sheet, with the latter acquisition of the trade and certain assets of the former Whitley Products Inc being paid from the Group's own cash resources.

The underlying business has performed strongly, delivering an underlying profit before tax* in line with last year of £1.614m (2012: £1.622m) on turnover down 12% to £21.850m, as well as remaining highly cash generative at an operating level.



From left to right: Ms Yuan Zeying and Mr David Leakey from Tricorn with Mr Pan Zongnan, General Manager of newly formed Minguang-Tricorn Tubular Products

In line with the Company's progressive dividend policy the Board is recommending the payment of a final dividend of 0.2p per share, giving a total dividend of 0.3p for the financial year ending 31 March 2013. The final dividend will be paid on 18 October 2013 to all shareholders on the register on 4 October 2013.

INCOME STATEMENT

Some softening markets during the second half saw revenue down 12% to £21.850m (2012: £24.706m), whilst continued improvements in operational performance and Aerospace saw gross margins improve to 36%.

After deducting administration and distribution costs, underlying operating profit margins improved 6% to 7.6% (2012: 7.2%). The transaction to acquire the trade and certain assets of the former Whitley Products Inc resulted in a net cost to profit of £0.219m. This included due diligence costs of £0.240m and post acquisition costs of £0.810m and is then reported after offsetting the bargain purchase credit on acquisition of £0.831m.

Net finance charges for the year were down 31% to £0.054m (2012: £0.078m) following the repayment of the term loan last year and unadjusted profit before tax for the financial year was £1.002m (2012: £1.526m). Basic EPS was 2.26p (2012: 3.49p) and, after adjusting for one-off costs underlying EPS was 4.02p (2012: 3.78p).

CASH FLOW

The Group's net cash flow from operating activities was £0.539m (2012:1.296m) after incurring acquisition related costs and China start-up costs in the year. Underlying trading continues to generate a strong profit to cash flow conversion.

* Before acquisition related costs, China start-up costs, restructuring costs, intangible asset amortisation, share based payment charges, foreign exchange derivative valuation and interest rate collar valuation.

Our capabilities include large, complex assemblies for power generation applications

Cash outflows from investing activities were £2.956m (2012: £0.451m) in the year, and represented a significant commitment to the future growth of the Group. Capital expenditure in the year represented £0.978m of this total amount, and included expenditure relating to the start-up of the China manufacturing facility. The majority of the remainder was consideration of £1.984m for the acquisition of Franklin Tubular Products Inc in the US on 4 March 2013.

The investments made by the Group in both China and the US were supported by the Group's existing banking facilities and cash resources, with the Group's facilities at the year end consisting of short term borrowing and existing lease finance commitments.

BALANCE SHEET

At the year end, the total gross assets of the Group increased to £14.935m (2012: £13.997m), predominantly on the back of the investment in Franklin Tubular Products Inc and the increased expenditure in the year.

With the acquisition of the Franklin business operations, working capital at the year end increased to £5.310m. Excluding Franklin, working capital was at £4.192m (2012: £4.172m).

In January 2013, the Group moved its banking relationship to HSBC Bank plc, securing arrangements for invoice discounting and working capital facilities. This new relationship enables the Group to benefit from a single banking source for all of its business activities as well as giving it access to RMB bank accounts and trading, which is crucial to the Group's future operational requirements.

OUTLOOK

The Group has made significant progress in the year in developing a global manufacturing platform aligned to its major OEM customers. With facilities now established in both China and the USA, the Group is well positioned for substantial growth.

Nick Paul CBE
Chairman
4 June 2013

Mike Welburn
Chief Executive
4 June 2013

BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2013

EXECUTIVE DIRECTORS

MIKE WELBURN

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.

PHIL LEE

Group Finance Director and Company Secretary

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.

DAVID LEAKEY

Group Sales Director

Joined Tricorn and appointed to the Board in June 2011. He had previously spent 27 years working at Norgren Ltd, the Motion and Fluid Controls division of IMI Plc. He has most recently held the role of Global Sales Director in the Energy Sector, with responsibility for the global business development of the company's products into the oil and gas markets. David has also held the position of Sales Director in Norgren's Life Sciences and Automotive Sectors.

NON-EXECUTIVE DIRECTORS

NICK PAUL CBE

Non-executive Chairman

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

ROGER ALLSOP

Non-executive Director

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 non-executive director of Netcall plc.

Committees

Audit Committee
Roger Allsop – Chairman
Nick Paul
Phil Lee – Secretary

Nomination Committee
Nick Paul – Chairman
Roger Allsop
Phil Lee – Secretary

Remuneration Committee
Roger Allsop – Chairman
Nick Paul
Phil Lee – Secretary

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2013

The Directors present their annual report together with the audited financial statements for the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

A review of the progress of the Group during the year and its prospects for the future are included in the Chairman's and Chief Executive's statement. There was a profit for the year after taxation amounting to £0.754m (2012: £1.156m). As part of a longer term progressive dividend policy, the Board has recommend the payment of a final dividend of 0.2p per share, giving a full year dividend of 0.3p per share.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the Group's strategy are subject to a number of risks.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The Directors have set out below the principal risks facing the business.

ECONOMIC CLIMATE

The Group is exposed to global markets through both its customer base and the market sectors that its serves. As a result there is constant monitoring of the economic environment by the Board to ensure that the Group responds to economic changes appropriately in order to ensure that the risk of any impact is mitigated.

SUPPLY CHAIN

At an operational and strategic level the Group ensures that it develops close relationships with its customers and its suppliers. By doing this it is in a position to understand the changing nature of sourcing and supply chain strategy quickly and respond accordingly to any risks that this might pose to the Group.

COMPETITION

The Group ensures that it is constantly monitoring its competitive environment in order to respond to competitive pressures as well as taking advantage of any opportunities that are presented to it. Regular reviews of market intelligence ensure that the Group manages its competition risk.

OPERATIONAL

A focus on operational improvement ensure that the Group's products remain reliable and of the highest quality. Recruiting, retaining, developing and motivating staff also continue to be a key priority for the Group. With operational performance being such a high priority for the Group, risks are identified and managed on a regular basis.

ENVIRONMENTAL

The Group reviews the risk that its activities place on the environment through the promotion of green initiatives wherever possible.

GLOBAL PRESENCE

During the year, as part of the strategic plan to expand the Group's global presence, the Group has acquired a US based subsidiary and invested into its China based subsidiary. As a result of international expansion in these jurisdictions, new risks have been presented. Senior management has responded by making frequent visits overseas in order to exercise control.

REPORT OF THE DIRECTORS continued

FOR THE YEAR ENDED 31 MARCH 2013

FINANCIAL RISKS AND MANAGEMENT

The Group's principal financial instruments comprise an invoice discounting facility, hire purchase and finance lease contracts, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade 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 policy of the Group 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 currently managed by the use of floating facilities. The Group finances specific large plant acquisitions via hire purchase or finance lease contracts. The interest rate risk on positive cash balances is not considered to be significant.

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 exposure of the Group to the price of steel is high, therefore, selling prices are monitored regularly to reduce the impact of such risk and opportunities to reduce material costs are explored constantly. The Group has partly responded to this risk by sourcing materials in low cost countries. The Group 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. Such cover is determined by written policies set by the Board. Foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the Group profit or loss.

CREDIT RISK

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

OTHER NON-FINANCIAL RISKS

The Group supplies products to a large number of customers and works with a number of key suppliers. Successful management of this process is key to delivering the results of the Group. This is also underpinned by retention and training of our staff to ensure that our knowledge and skills are maintained.

DIRECTORS

The present membership of the Board is set out below.

N C Paul CBE
R Allsop
M I Welburn
P Lee
D E Leakey

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 31 May 2013, were as follows:

	Ordinary shares of 10 pence each Number	Percentage of capital %
R Allsop	11,220,000	33.60
Hargreave Hale Limited	7,009,000	20.98
J M Finn & Co Limited	1,379,334	4.13
Rock Nominees Limited (account 501198)	1,370,150	4.10
Quilter Nominees Limited	1,025,000	3.07

HEALTH AND SAFETY

The Group recognises its responsibility to ensure that its employees work in as safe a working environment as possible. Checks are also 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 51 days of average supplies (2012: 54 days). The Company trade payables are 48 days (2012: 48 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 regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Under company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these Group 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 IFRS have been followed, subject to any material departures disclosed and explained in the financial statements
– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

REPORT OF THE DIRECTORS continued

FOR THE YEAR ENDED 31 MARCH 2013

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is 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, as Directors, in order 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
4 June 2013

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2013

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 CBE 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 D E Leakey, 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.

CORPORATE GOVERNANCE continued

FOR THE YEAR ENDED 31 MARCH 2013

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 covering at least 12 months from the date that these accounts were approved have been prepared which highlight that the Group has sufficient cash headroom to support its activities. 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 jobs in other business sectors.

ANNUAL BONUS PAYMENTS, BENEFITS AND PENSION ARRANGEMENTS

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

M I Welburn, P Lee and D E Leakey benefit from the provision of private medical insurance, the provision of company cars or car allowance and are eligible to 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 has a service agreement with the Company which is terminable on not less than 12 months' written notice given by either party to the other at any time. P Lee and D E Leakey have service agreements with the Company which are 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 Company which are terminable upon six months' written notice being given by either party.

SHARE OPTION INCENTIVES

The Company has adopted a number of individual unapproved and enterprise management incentive scheme share option agreements to motivate and retain key personnel of the Group. At 31 March 2013 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	300,000	—	—	—	**300,000**	0.10
M I Welburn	361,844	—	—	—	**361,844**	0.10
M I Welburn	1,000,000	—	—	—	**1,000,000**	0.10
D E Leakey	500,000	—	—	—	**500,000**	0.30
Enterprise management incentive scheme (EMI) options						
P Lee	500,000	—	—	—	**500,000**	0.10
P Lee	921,000	—	—	—	**921,000**	0.10
M I Welburn	1,263,156	—	—	—	**1,263,156**	0.10

UNAPPROVED SHARE OPTIONS

N C Paul's CBE option, which was granted on 16 September 2010, has vested and will remain in force for ten years.

M I Welburn's unapproved share option was granted on 16 September 2010, over 361,844 shares. This scheme has vested and is in force for ten years with an exercise price of 10p per share. The unapproved options over 1,000,000 shares for M I Welburn were granted under the Group's LTIP and vest in tranches of 200,000 shares once the share price has achieved the trigger points of 20p, 25p, 30p, 35p and 40p for ten consecutive days.

D E Leakey was granted an unapproved option over 500,000 shares at 30p on 5 June 2011. The option is exercisable after three months' continuous employment. This option is in force for 10 years and does not have performance conditions attached to it.

EMI OPTIONS

M I Welburn's EMI share option for 1,263,156 shares was granted on 5 August 2010. This scheme has vested and is in force for ten years with an exercise price of 10p per share.

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 10 years and does not have performance conditions attached to it. In addition, an option over a further 921,000 shares was granted on 5 August 2010, 736,800 of which have vested at 31 March 2012. These options vest in tranches of 184,200 shares once the share price has achieved the trigger points of 20p, 25p, 30p, 35p and 40p for ten consecutive days.

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 2013 was 23.25p (31 March 2012: 33.75p) and the range during the year was 16.50p to 36.10p (2012: 23.00p to 38.25p).

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 2013 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on pages 11 and 12, 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 and express an opinion on 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/private.cfm.

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 2013 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 2013.

David Munton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
4 June 2013

Tricorn Group plc

Group Consolidated Financial Statements

For the year ended 31 March 2013

Company number 1999619

Contents

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £'000 Underlying	2013 £'000 Other	**2013 £'000 Group**	2012 £'000
Revenue	3	21,850	—	**21,850**	24,706
Cost of sales		(13,923)	—	**(13,923)**	(16,485)
Gross profit		7,927	—	**7,927**	8,221
Distribution costs		(930)	—	**(930)**	(1,017)
Administration costs					
– General administration costs		(5,329)	—	**(5,329)**	(5,433)
– Restructuring costs		—	(12)	**(12)**	
– Acquisition related costs	26	—	(219)	**(219)**	—
– China start-up costs			(260)	**(260)**	
– Intangible asset amortisation	12	—	(70)	**(70)**	(118)
– Share based payment charge	6	—	(58)	**(58)**	(54)
– Fair value change relating to forward exchange contracts		—	7	**7**	5
Total administration costs		(5,329)	(612)	**(5,941)**	(5,600)
Operating profit	3/4	1,668	(612)	**1,056**	1,604
Finance income	8	6	—	**6**	4
Finance costs	8	(60)	—	**(60)**	(82)
Profit before tax		1,614	(612)	**1,002**	1,526
Income tax expense	9	(270)	22	**(248)**	(370)
Profit for the year and total comprehensive income	3	1,344	(590)	**754**	1,156
Attributable to:					
Equity holders of the parent company		1,344	(590)	**754**	1,156
Earnings per share:					
Basic earnings per share	10			**2.26p**	3.49p
Diluted earnings per share	10			**2.08p**	3.39p

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 2013

	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 2011	3,304	1,448	1,388	237	(49)	(817)	5,511
Issue of new shares	35	15	—	—	—	—	50
Sale of Treasury Shares	—	229	—	—	49	—	278
Share based payment charge	—	—	—	54	—	—	54
Share based payment reserve transfer	—	—	—	(64)	—	64	—
Dividends paid	—	—	—	—	—	(56)	(56)
Total transactions with owners	35	244	—	(10)	49	8	326
Profit and Total Comprehensive income	—	—	—	—	—	1,156	1,156
Balance at 31 March 2012	3,339	1,692	1,388	227	—	347	6,993
Share based payment charge	—	—	—	58	—	—	58
Dividends paid	—	—	—	—	—	(77)	(77)
Total transactions with owners	—	—	—	58	—	(77)	(19)
Profit and Total Comprehensive income	—	—	—	—	—	754	754
Balance at 31 March 2013	**3,339**	**1,692**	**1,388**	**285**	**—**	**1,024**	**7,728**

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

GROUP STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2013

	Note	2013 £'000	2012 £'000
Assets			
Non-current			
Goodwill	11	**591**	591
Intangible assets	12	**488**	558
Property, plant and equipment	13	**3,706**	1,628
		4,785	2,777
Current			
Inventories	15	**3,863**	2,929
Trade and other receivables	16	**5,590**	5,823
Cash and cash equivalents	17	**697**	2,468
		10,150	11,220
Total assets		**14,935**	13,997
Liabilities			
Current			
Trade and other payables	19	**(4,143)**	(4,580)
Financial liabilities at fair value through profit or loss	24	**—**	(7)
Borrowings	20	**(2,385)**	(1,514)
Corporation tax		**(280)**	(310)
		(6,808)	(6,411)
Non-current			
Borrowings	20	**(220)**	(368)
Deferred tax	18	**(179)**	(225)
		(399)	(593)
Total liabilities		**(7,207)**	(7,004)
Net assets		**7,728**	6,993
Equity			
Share capital	25	**3,339**	3,339
Share premium account		**1,692**	1,692
Merger reserve		**1,388**	1,388
Share based payment reserve		**285**	227
Profit and loss account		**1,024**	347
Total equity		**7,728**	6,993

The financial statements were approved by the Board of Directors on 4 June 2013.

M I Welburn
Director
Company number: 1999619

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

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

	2013 £'000	2012 £'000
Cash flows from operating activities		
Profit after taxation	**754**	1,156
Adjustment for:		
Depreciation	**414**	301
Net finance costs in statement of comprehensive income	**54**	78
Amortisation charge	**70**	118
Share based payment charge	**58**	54
Bargain purchase recognised in statement of comprehensive income	**(831)**	—
Gain relating to foreign exchange derivative contract	**(7)**	(5)
Taxation expense recognised in statement of comprehensive income	**248**	370
Decrease/(increase) in trade and other receivables	**233**	(807)
(Decrease)/increase in trade payables and other payables	**(370)**	381
Decrease in inventories	**326**	158
Cash generated from operations	**949**	1,804
Interest paid	**(86)**	(130)
Income taxes paid	**(324)**	(378)
Net cash from operating activities	**539**	1,296
Cash flows from investing activities		
Purchase of business	**(1,984)**	—
Purchase of plant and equipment	**(978)**	(465)
Proceeds from sale of plant and equipment	**—**	10
Interest received	**6**	4
Net cash used in investing activities	**(2,956)**	(451)
Cash flows from financing activities		
Proceeds from sale of Treasury Shares	**—**	278
Issue of ordinary share capital	**—**	50
Dividend paid	**(77)**	(56)
Movement in short term borrowings	**819**	195
Repayment of bank borrowings	**—**	(400)
Payment of finance lease liabilities	**(96)**	(56)
Net cash used in financing activities	**646**	11
Net (decrease)/increase in cash and cash equivalents	**(1,771)**	856
Cash and cash equivalents at beginning of year	**2,468**	1,612
Cash and cash equivalents at end of year	**697**	2,468

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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 worldwide activities in key market sectors, including Pipefittings, Power Generation, Aerospace, Off Highway, and 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 4 June 2013. 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.

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 for the period at least 12 months from the date that these accounts were approved, which highlight that the Group has sufficient cash headroom to support its activities. 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.

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.

2 ACCOUNTING POLICIES continued

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.

Standard or Interpretation		Effective for reporting periods starting on or after
IFRS 9	Financial Instruments	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurements	1 January 2013
IAS 27 (revised)	Separate Financial Statements	1 January 2013
IAS 28 (revised)	Investments in Associates and Joint Ventures	1 January 2013

Based on the Group's current business model and accounting policies, management does not expect material impacts on the Group's financial statements when the Standards and Interpretations become effective. There are other new Standards and Interpretations not listed which are not relevant to the Group.

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 at the reporting date regarding whether certain assets/liabilities that 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)
- 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.

There major area for judgement within the financial statements is as follows:

- identification of intangibles on business combination (note 26). Management has considered the common intangibles, such as customer lists, brand and order book. Given that the acquisition made during the year was a distressed purchase, customer lists and existing business were not all transferred as part of the transaction and the brand was not utilised. As such, management has not assigned any value to intangible assets.

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 acquisition method. This involves the valuation 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 Group statement of financial position at their fair value, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill represents the excess of fair value consideration over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are expensed as incurred.

If the fair value of identifiable net assets exceeds the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

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

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

2 ACCOUNTING POLICIES continued

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, 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

The Group's material revenue stream is in respect of the sale of tubular components. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied, excluding VAT and trade discounts. Revenue is recognised upon the transfer of risk to the customer.

The Group recognises revenue when persuasive evidence of an arrangement exists; delivery has occurred; the sale price 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.

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.

GOODWILL

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred 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, limited to the carrying value that would have been determined had no impairment been recognised previously. Impairment losses in respect of goodwill are not subsequently reversed.

2 ACCOUNTING POLICIES continued

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 values 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 contracts	5 years

FOREIGN CURRENCIES

These financial statements are presented in UK Sterling which is the functional currency of the parent and 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.

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 upfront 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.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

2 ACCOUNTING POLICIES continued

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims 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 available 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.

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 to 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 asset's carrying amount and the present value of estimated future cash flows.

2 ACCOUNTING POLICIES continued

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.

All current and prior period results are taken to the profit and loss account as disclosed in the statement of comprehensive income.

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 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

2 ACCOUNTING POLICIES continued

PROVISIONS FOR LIABILITIES

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be reliably estimated. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at reporting date and all future estimated cash flows are discounted to arrive at the present value of the provision.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost 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.

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 three main operating segments:

- Energy & Utilities: manipulated tubular assemblies for use in power generation, oil and gas and marine sectors, and innovative jointing systems for use typically within the utility industry.
- 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.

The financial information detailed below is frequently reviewed by the Chief Operating Decision maker.

Year ended 31 March 2013	Energy & Utilities £'000	Transportation £'000	Aerospace £'000	Unallocated £'000	Total £'000
Revenue					
— from external customers	9,071	7,011	5,768	—	21,850
— from other segments	—	—	—	—	—
Segment revenues	9,071	7,011	5,768	—	21,850
Adjusted operating profit*	812	573	309	(26)	1,668
Restructuring charges	(9)	—	(3)	—	(12)
Intangible asset amortisation	—	—	—	(70)	(70)
Acquisition related costs	—	—	—	(219)	(219)
China start-up costs	—	(260)	—	—	(260)
Share based payment charge	—	—	—	(58)	(58)
Fair value gain relating to forward exchange contracts	—	—	—	7	7
Operating profit/(loss)	803	313	306	(366)	1,056
Net finance costs	(30)	(1)	(29)	6	(54)
Profit/(loss) before tax	773	312	277	(360)	1,002
Segmental assets	3,844	6,883	2,968	1,240	14,935
Other segment information:					
Capital expenditure	368	488	81	1	938
Depreciation	181	161	70	2	414

* Before acquisition related costs, China start-up costs, restructuring costs, intangible asset amortisation, share based payment charges, foreign exchange derivative valuation and interest rate collar valuation.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

3 SEGMENTAL REPORTING continued

Year ended 31 March 2012	Energy & Utilities £'000	Transportation £'000	Aerospace £'000	Unallocated £'000	Total £'000
Revenue					
— from external customers	10,691	8,681	5,334	—	24,706
— from other segments	—	—	—	—	—
Segment revenues	10,691	8,681	5,334	—	24,706
Adjusted operating profit*	987	767	51	(34)	1,771
Intangible asset amortisation	—	—	—	(118)	(118)
Share based payment charge	—	—	—	(54)	(54)
Fair value charge relating to forward exchange contracts	—	—	—	5	5
Operating profit/(loss)	987	767	51	(201)	1,604
Net finance costs	(64)	(4)	(26)	16	(78)
Profit/(loss) before tax	923	763	25	(185)	1,526
Segmental assets	4,637	3,309	3,177	2,874	13,997
Other segment information:					
Capital expenditure	462	146	297	2	907
Depreciation	141	105	54	1	301

* Before acquisition related costs, China start-up costs, restructuring costs, intangible asset amortisation, share based payment charges, foreign exchange derivative valuation and interest rate collar valuation.

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

	Year ended 31 March 2013		Year ended 31 March 2012	
	Revenue £'000	**Assets £'000**	Revenue £'000	Assets £'000
United Kingdom	**15,069**	**10,352**	18,076	13,997
Europe	**3,970**	**—**	4,122	—
Rest of World	**2,811**	**4,583**	2,508	—
	21,850	**14,935**	24,706	13,997

No single customer accounts for more than 10% of revenue.

4 PROFIT BEFORE TAXATION

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

	2013 £'000	2012 £'000
Auditors' remuneration:		
Audit of parent company	**13**	13
Audit of subsidiaries	**45**	29
Total audit	**58**	42
Non-audit services:		
Corporate taxation	**13**	13
Corporate finance	**96**	—
Total non-audit services	**109**	13
Total fees	**167**	55
Operating lease charges:		
Land and buildings	**404**	426
Plant and equipment	**39**	39
Motor vehicles	**72**	87
Depreciation and amortisation:		
Intangible assets	**70**	118
Loss on disposal of tangible fixed assets	**—**	8
Property, plant and equipment – owned	**382**	269
Property, plant and equipment – leased	**32**	32

5 DIRECTORS' EMOLUMENTS

	2013				2012				**2013**	2012
	Basic £'000	**Bonus £'000**	**Benefits in kind £'000**	**Total £'000**	Basic £'000	Bonus £'000	Benefits in kind £'000	Total £'000	**Pension £'000**	Pension £'000
N C Paul CBE	**30**	**—**	**—**	**30**	30	—	—	30	**—**	—
R Allsop	**15**	**—**	**—**	**15**	15	—	—	15	**—**	—
M I Welburn*	**120**	**30**	**22**	**172**	120	60	22	202	**8**	8
P Lee*	**90**	**23**	**13**	**126**	90	45	14	149	**6**	6
D E Leakey*	**88**	**22**	**8**	**118**	73	30	11	114	**—**	—
	343	**75**	**43**	**461**	328	135	47	510	**14**	14

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

D E Leakey was appointed as a Director of the Company on 3 June 2011 and as such his emoluments as a Director are disclosed from that date.

Employers' National Insurance Contributions made relating to Directors' emoluments were £62k (2012: £51k).

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

5 DIRECTORS' EMOLUMENTS continued

SHARE-BASED PAYMENT CHARGE BY DIRECTOR (NOTE 6)

	2013 £'000	2012 £'000
M I Welburn*	**15**	18
P Lee*	**13**	15
D E Leakey*	**23**	—
N C Paul CBE	**—**	19
	51	52

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

6 EMPLOYEE COSTS

	2013 Number	2012 Number
The average number of persons (including Directors) employed by the Group during the year was:		
Production	**264**	279
Sales, distribution and administration	**55**	48
	319	327

Staff costs during the year were as follows:

	2013 £'000	2012 £'000
Wages and salaries	**6,738**	6,884
Social security costs	**576**	626
Other pension costs	**177**	163
Share based payment charge	**58**	54
	7,549	7,727

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 2012 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	**At 31 March 2013 No. of shares**	Exercise price Pence	Life remaining on options at 31 March 2013 Months
Enterprise Management Incentive (EMI) scheme							
Exercise date:							
April 2002 – April 2012	10,000	—	—	(10,000)	**—**	10p	—
March 2009 – March 2019	500,000	—	—	—	**500,000**	10p	72
December 2009 – December 2019	100,000	—	—	—	**100,000**	10p	81
August 2010 – August 2020	2,184,156	—	—	—	**2,184,156**	10p	89
	2,794,156	—	—	(10,000)	**2,784,156**		

The weighted average exercise price of the EMI Scheme at 31 March 2013 was 10p (2012: 10p). 2,599,956 options were available for exercise at 31 March 2013 (2012: 2,609,956).

	At 31 March 2012 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	**At 31 March 2013 No. of shares**	Exercise price Pence	Life remaining on options at 31 March 2013 Months
Unapproved share options							
Exercise date:							
September 2010 – September 2015	1,000,000	—	—	—	**1,000,000**	10p	30
September 2010 – September 2020	661,844	—	—	—	**661,844**	10p	90
June 2011 – June 2021	500,000	—	—	—	**500,000**	30p	99
December 2011 – December 2021	200,000	—	—	—	**200,000**	25p	102
	2,361,844	—	—	—	**2,361,844**		
Total share options	**5,156,000**	**—**	**—**	**(10,000)**	**5,146,000**		

The weighted average exercise price of the unapproved share options at 31 March 2013 was 15.5p (2012: 15.5p). 2,161,844 options were available for exercise at 31 March 2013 (2012: 2,161,844).

The approved and unapproved option schemes have been valued in the year by management using the Black–Scholes valuation model. Key inputs into the model are expected share price volatility of 60%, expected life of option of between 3 to 5 years and the expected risk free interest rates of 2.33%.

1,000,000 of the unapproved options and 921,000 of the approved EMI options issued have performance criteria. These options vest in five equal tranches once the share price has achieved the trigger points of 20p, 25p, 30p, 35p and 40p for ten consecutive days.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

8 FINANCE INCOME AND EXPENSE

	2013 £'000	2012 £'000
Bank interest receivable	**6**	4
Finance income	**6**	4
Invoice discounting interest	**51**	53
Fair value charge for interest rate collar (note 24)	**—**	(71)
Charge for closure of interest rate collar	**—**	25
Effective interest charge on borrowings	**—**	68
Interest on hire purchase agreements and finance leases	**9**	7
Finance expense	**60**	82

9 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

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

	2013 £'000	2012 £'000
UK corporation tax	**355**	402
Adjustments in respect of prior years	**(61)**	(25)
Current tax charge for the year	**294**	377
Deferred taxation (note 18)	**(46)**	(7)
Tax on profit on ordinary activities	**248**	370

The tax assessed is different than the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are explained as follows:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	**1,002**	1,526
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012: 26%)	**240**	396
Effect of:		
Expenses not deductible for tax purposes	**90**	(11)
Income not taxable for tax purposes	**(199)**	—
Unprovided losses	**58**	—
Other short term timing differences	**144**	10
Adjustments in respect of prior years	**(86)**	(25)
	248	370

At 31 March 2013 the Group had tax losses of £nil (2012: £210,000) to offset against future profits within the United Kingdom. Tax losses available to utilise outside of the UK at 31 March 2013 are £254,000 (2012: £nil).

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 2013	
	Profit £'000	**Weighted average number of shares Number '000**	**Earnings per share Pence**
Basic earnings per share	**754**	**33,395**	**2.26**
Dilutive shares		**2,891**	
Diluted earnings per share	**754**	**36,286**	**2.08**

		31 March 2012	
	Profit £'000	Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	1,156	33,164	3.49
Dilutive shares		951	
Diluted earnings per share	1,156	34,115	3.39

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

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

10 EARNINGS PER SHARE continued

		31 March 2013	
	Profit £'000	Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	**754**	**33,395**	**2.26**
Acquisition related costs	**219**		
China start-up costs	**260**		
Restructuring costs	**12**		
Amortisation of intangible asset (net of deferred tax)	**48**		
Share based payment charge	**58**		
Charge relating to foreign exchange contract	**(7)**		
Adjusted earnings per share	**1,344**	**33,395**	**4.02**
Dilutive shares		**2,891**	
Diluted adjusted earnings per share	**1,344**	**36,286**	**3.70**

		31 March 2012	
	Profit £'000	Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	1,156	33,164	3.49
Amortisation of intangible asset	118		
Interest rate collar gain	(71)		
Share based payment charge	54		
Charge relating to foreign exchange contract	(5)		
Adjusted earnings per share	1,252	33,164	3.78
Dilutive shares		951	
Diluted adjusted earnings per share	1,252	34,115	3.67

11 GOODWILL

	Total £'000
Cost	
At 31 March 2011, 31 March 2012 and 31 March 2013	591
Impairment	
At 31 March 2011, 31 March 2012 and 31 March 2013	—
Net book value	
At 31 March 2011	591
At 31 March 2012	591
At 31 March 2013	**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

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 2.6% which equates to the Group's weighted average cost of capital.

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.

Apart from the considerations described in determining the value-in-use of the cash-generating unit above, the Group management does not believe that reasonably possible changes in 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 is required. Management is not aware of any other changes that would necessitate changes to its key estimates.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

12 INTANGIBLE ASSETS

	Brand names £'000	Customer contracts £'000	Total £'000
Cost			
At 1 April 2011, 1 April 2012 and 31 March 2013	830	312	1,142
Amortisation			
At 1 April 2011	(233)	(233)	(466)
Charge for the year	(56)	(62)	(118)
At 1 April 2012	(289)	(295)	(584)
Charge for the year	(53)	(17)	(70)
At 31 March 2013	**(342)**	**(312)**	**(654)**
Net book value			
At 31 March 2011	597	79	676
At 31 March 2012	541	17	558
At 31 March 2013	**488**	**—**	**488**

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.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2011	—	4,862	43	4,905
Additions	—	907	—	907
At 1 April 2012	—	5,769	43	5,812
Additions	—	938	—	938
Additions — business combination	300	1,254	—	1,554
At 31 March 2013	**300**	**7,961**	**43**	**8,304**
Depreciation				
At 1 April 2011	—	3,822	43	3,865
Charge for the year	—	301	—	301
Disposals	—	18	—	18
At 1 April 2012	—	4,141	43	4,184
Charge for the year	—	414	—	414
At 31 March 2013	**—**	**4,555**	**43**	**4,598**
Net book value				
At 31 March 2011	—	1,040	—	1,040
At 31 March 2012	—	1,628	—	1,628
At 31 March 2013	**300**	**3,406**	**—**	**3,706**

The net book value of property, plant and equipment includes £322,000 (2012: £413,000) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

14 PRINCIPAL SUBSIDIARIES

At 31 March 2013 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
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
Maxpower Automotive Components Manufacturing (Wuxi) Limited*	China	Ordinary	100	Manufacturer of highway and automotive tubular and pipe components
Franklin Tubular Products Inc	USA	Ordinary	100	Manufacturer of tubular assemblies and components to highway and heavy duty truck market
Robert Morton DG Limited*	United Kingdom	Ordinary	100	Dormant

* Held by a subsidiary undertaking.

15 INVENTORIES

	2013 £'000	2012 £'000
Raw materials	**1,760**	1,565
Work in progress	**1,157**	898
Finished goods	**946**	466
	3,863	2,929

In the year to 31 March 2013, a total of £9,016,000 of inventory (2012: £10,713,000) was included in the statement of comprehensive income as an expense.

16 TRADE AND OTHER RECEIVABLES

	2013 **£'000**	2012 £'000
Trade receivables	**4,912**	5,420
Impairment of trade receivables	**—**	(9)
	4,912	5,411
Other receivables	**330**	78
Prepayments and accrued income	**348**	334
Total	**5,590**	5,823

At 31 March 2013, 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:

	2013 **£'000**	2012 £'000
Not more than one month	**1,056**	2,267
Not more than two months	**309**	787
Not more than three months	**14**	109
	1,379	3,163

Trade and other receivables are usually due within 30–75 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 regards 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

	2013 **£'000**	2012 £'000
Cash and cash equivalents	**697**	2,468

Cash and cash equivalents consist of cash on hand and balances with banks only. At the year end £571,000 (2012: £770,000) of cash on hand and balances with banks were held by the subsidiary undertakings, however, this balance is available for use by the Group.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

18 DEFERRED TAXATION

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

	Assets		Liabilities	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Intangible assets	**—**	—	**(112)**	(134)
Plant and equipment	**—**	—	**(67)**	(91)
	—	—	**(179)**	(225)

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

	Assets		Liabilities	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Balance brought forward	**—**	—	**(225)**	(232)
Group statement of comprehensive income movement arising during the year	**—**	—	**46**	7
Balance carried forward	**—**	—	**(179)**	(225)

As at 31 March 2012 the Group has unprovided deferred tax assets as follows:

	Unprovided 2013 £'000	Unprovided 2012 £'000
Trading losses	**(58)**	(50)

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

19 TRADE AND OTHER PAYABLES

	2013 £'000	2012 £'000
Trade and other payables	**1,958**	2,696
Other taxation and social security	**298**	497
Accruals	**1,887**	1,387
	4,143	4,580

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.

20 BORROWINGS

	2013 £'000	2012 £'000
Current borrowings		
Invoice discounting facility	**2,283**	1,464
Hire purchase agreements and finance lease liabilities (note 21)	**102**	50
	2,385	1,514
Non-current borrowings		
Hire purchase agreements and finance lease liabilities (note 21)	**220**	368
	220	368

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

	2013 £'000	2012 £'000
In one year or less or on demand		
Invoice discounting facility	**2,283**	1,464
	2,283	1,464

INVOICE DISCOUNTING FACILITY

In January 2013 the Group moved all of its banking facilities from Lloyds Bank plc to HSBC Bank plc. The new invoice discounting facility is secured against the trade receivables to which it relates. Interest is paid at 2.10% 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:

	Within 1 year	Within 1–2 years	Within 2–5 years	Total
31 March 2013				
Payments	**127**	**117**	**126**	**370**
Discounting	**(25)**	**(15)**	**(8)**	**(48)**
	102	**102**	**118**	**322**
31 March 2012				
Payments	71	123	278	472
Discounting	(21)	(16)	(17)	(54)
	50	107	261	418

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

OUR BUSINESS
OUR GOVERNANCE
OUR FINANCIALS

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

22 FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising cash and short term deposits, 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 invoice discounting facility provides immediate funds on approved trade receivables.

The Group works to ensure that it receives acceptable trading terms from its suppliers.

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:

- invoice discounting at 2.1% over base rate
- finance leases at 2.0% to 2.5% over base rate

If the Group's interest rates were to rise/fall by 10% then the interest charge within the financial statements would increase/decrease by £2k (2012: £Nil), equity and reserves would reduce/increase by the same amount, and the charge would be £58,000/£62,000 (2012: £82,000).

FOREIGN CURRENCY RISK

The Group transacts certain purchases and sales in foreign currencies. At 31 March 2013 there were no (2012: three) 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 2013 then Group profits would rise/fall by £230,000 at 31 March 2013 (2012: £176,000) 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 partly 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 £296,000 at 31 March 2013 (2012: £357,000) and equity and reserves would increase/reduce by the same amount.

22 FINANCIAL INSTRUMENTS continued

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:

	2013 £'000	2012 £'000
Non-financial asset	**348**	334
Loans and other receivables	**5,939**	7,957
Total assets	**6,287**	8,291

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

	2013 £'000	2012 £'000
Current assets		
Trade and other receivables	**5,590**	5,823
Cash and cash equivalents	**697**	2,468
	6,287	8,291

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:

	2013 £'000	2012 £'000
Non-financial liability	**298**	497
Financial liabilities at fair value through profit and loss	**—**	7
Financial liabilities measured at amortised cost	**6,450**	5,965
Total liabilities	**6,748**	6,469

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

	2013 £'000	2012 £'000
Current liabilities		
Trade and other payables	**4,143**	4,580
Financial liabilities at fair value through profit and loss	**—**	7
Borrowings	**2,385**	1,514
Non-current liabilities		
Borrowings	**220**	368
	6,748	6,469

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

22 FINANCIAL INSTRUMENTS continued

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 (ie as prices) or indirectly (ie 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 2013 £000	**Level 2 2013 £000**	**Level 3 2013 £000**	**Total 2013 £000**
Foreign exchange derivative contracts	—	—	—	—

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 resources 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

	2013 £'000	2012 £'000
Foreign exchange contracts	—	7
	—	7

At the year end the Group had no (2012: three) forward currency exchange contracts in place.

25 SHARE CAPITAL

	2013 £'000	2012 £'000
Authorised		
100,000,000 ordinary shares of 10 pence each	**10,000**	10,000
Allotted and issued		
33,395,000 (2012: 33,395,000) ordinary shares of 10 pence each	**3,339**	3,339

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

26 BUSINESS COMBINATION

As part of the strategic plan to grow the Group's global presence, the Group acquired the trade and assets of Whitley Products Inc, a company incorporated in the USA, via an intermediate subsidiary, Franklin Tubular Products Inc, for consideration of $2,994,000 on 4 March 2013. This acquisition increases the Group's foothold in the sector and also presents new and broader opportunities.

An adjustment was required to the book values of the assets and liabilities of the businesses acquired in order to present the net assets at fair values in accordance with Group accounting policies. Due to the proximity of the acquisition to the year end, the Directors performed an initial assessment of the fair value of the property. The purchase was accounted for as an acquisition.

The Directors have also assessed the fair value of intangibles acquired. As a consequence of buying the business in a distressed state, they have concluded that no intangibles have been acquired. Subsequent to the acquisition, the Group has turned around the business, and Franklin Tubular Products Inc is now performing in line with expectations.

	£'000
Fair value of consideration transferred	
Amount settled in cash	**1,984**
Recognised amounts of identifiable net assets	
Property, plant and equipment	1,555
Total non-current assets	**1,555**
Inventories	1,260
Total current assets	**1,260**
Identifiable net assets	**2,815**
Bargain purchase on acquisition	**831**

CONSIDERATION TRANSFERRED

The acquisition was settled in cash amounting to $2,994,000 (£1,984,000).

CONTRIBUTION TO THE GROUP RESULTS

The above acquisition contributed post acquisition revenues of £655,000 and profits totalling £1,000. The Group does not have sufficient information to be able to disclose the revenue and operating profit which would have been included in the results of the Group for the year, had the acquisition been made on 1 April 2012.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2013

26 BUSINESS COMBINATION continued

BARGAIN PURCHASE ON ACQUISITION

The gain on the bargain purchase is recognised in profit or loss as part of acquisition related expenses.

POST-ACQUISITION EXPENSES

As a consequence of buying the business in a distressed state, the Group has agreed to make a number of payments to ongoing suppliers in order to secure the relationship and continued supply of goods and services to Franklin Tubular Products Inc.

	£'000
Acquisition related expenses	
Bargain purchase on acquisition	(831)
Associated acquisition costs – legal and professional costs	240
Other post acquisition expenses	810
	219

27 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2013 or 31 March 2012.

28 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2013 or 31 March 2012.

29 LEASING COMMITMENTS

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

	2013 Land and buildings £'000	2012 Land and buildings £'000	**2013 Other £'000**	2012 Other £'000
In one year or less	**513**	425	**117**	122
One to five years	**1,826**	1,620	**116**	195
Greater than five years	**643**	944	**—**	14
	2,982	2,989	**233**	331

30 TRANSACTIONS WITH RELATED PARTIES

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

Tricorn Group plc

Company Statutory Financial Statements Under UK GAAP

For the year ended 31 March 2013

Company number 1999619

Contents

COMPANY STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2013

The Directors are responsible for preparing the Directors' report and 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give and true and fair view of the state of affairs and the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

– select suitable accounting policies and then apply them consistently;
– make judgments 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;
– 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 are sufficient to show and explain the Company's transactions and 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.

The Directors confirm that:

– so far as each Director is 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, as Directors in order 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

We have audited the parent company financial statements of Tricorn Group plc for the year ended 31 March 2013 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 50, 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 and express an opinion on 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/private.cfm.

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 2013;
- 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 2013.

David Munton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
4 June 2013

COMPANY BALANCE SHEET

AT 31 MARCH 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets		**2**	3
Investments	7	**8,420**	6,196
		8,422	6,199
Current assets			
Debtors: amounts due within one year	8	**10,860**	7,292
Cash at bank and in hand		**126**	1,698
		10,986	8,990
Creditors: amounts falling due within one year	9	**(12,305)**	(7,980)
Net current (liabilities)/assets		**(1,319)**	1,010
Total assets less current liabilities		**7,103**	7,209
Creditors: amounts falling due after more than one year	10	**—**	—
Net assets		**7,103**	7,209
Capital and reserves			
Called up share capital	11	**3,339**	3,339
Share premium account	12	**1,692**	1,692
Share based payment reserve	12	**285**	227
Merger reserve	12	**1,592**	1,592
Profit and loss account	12	**195**	359
Equity shareholders' funds		**7,103**	7,209

The financial statements were approved by the Board of Directors on 4 June 2013.

M I Welburn
Director
Company number: 1999619

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

2 ACCOUNTING POLICIES continued

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.

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 loss for the year was £87,000 (2012: Loss £142,000).

Auditors' remuneration incurred by the Company during the year for audit services totalled £13,000 (2012: £13,000), and for tax compliance services totalled £2,000 (2012: £2,000).

4 DIRECTORS' AND EMPLOYEES' REMUNERATION

Staff costs during the year were as follows:

	2013 £'000	2012 £'000
Wages and salaries	**815**	745
Social security costs	**103**	80
Other pension costs	**29**	41
	947	866

The average number of persons (including Directors) employed by the Company during the year was 11 (2012: 10).

5 DIRECTORS' EMOLUMENTS

All details on Directors' remuneration are given in note 5 to the Group financial statements.

6 SHARE BASED EMPLOYEE REMUNERATION

All details on share options are included in note 7 to the Group financial statements.

7 FIXED ASSET INVESTMENTS

	Total £'000
Cost	
At 1 April 2012	7,478
Additions	2,224
At 31 March 2013	9,702
Impairment	
At 1 April 2012 and 31 March 2013	(1,282)
Net book value	
At 31 March 2013	**8,420**
At 31 March 2012	6,196

During the year the Company acquired the trade and assets of Whitley Products Inc, a company incorporated in the USA, via an intermediate subsidiary, Franklin Tubular Products Inc, for consideration of $2,994,000. The Company incurred associated legal and professional costs of £240,000, which are included within the cost of investment shown above.

At 31 March 2013 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
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
Maxpower Automotive Components Manufacturing (Wuxi) Limited*	China	Ordinary	100	Manufacturer of highway and automotive tubular and pipe components
Franklin Tubular Products Inc	USA	Ordinary	100	Manufacturer of tubular assemblies and components to highway and heavy duty truck market
Robert Morton DG Limited*	United Kingdom	Ordinary	100	Dormant

* Held by a subsidiary undertaking.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

8 DEBTORS

	2013 £'000	2012 £'000
Amounts owed by subsidiary undertakings	**10,697**	7,268
Other debtors	**59**	—
Prepayments and accrued income	**104**	24
	10,860	7,292

9 CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Bank borrowings	**579**	—
Other creditors	**—**	—
Trade creditors	**157**	26
Amounts due to subsidiary undertakings	**11,267**	7,645
Other taxes and social security	**29**	19
Corporation tax	**7**	—
Accruals and deferred income	**266**	290
	12,305	7,980

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £'000	2012 £'000
Bank borrowings	**579**	—

Borrowings are repayable as follows:

	2013 £'000	2012 £'000
Within one year		
— bank borrowings	**579**	—
After one and within two years		
— bank borrowings	**—**	—
	579	—

11 SHARE CAPITAL

	2013 £'000	2012 £'000
Authorised		
100,000,000 ordinary shares of 10 pence each	**10,000**	10,000
Allotted and issued		
33,395,000 (2012: 33,395,000) ordinary shares of 10 pence each	**3,339**	3,339

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

12 RESERVES

	Share premium £'000	Share based payment reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 April 2012	1,692	227	1,592	359
Share based payment charge	—	58	—	—
Loss for the year	—	—	—	(87)
Dividends paid	—	—	—	(77)
At 31 March 2013	**1,692**	**285**	**1,592**	**195**

13 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
Loss for the financial year	**(87)**	(142)
Sale of own shares	**—**	278
Issue of new shares	**—**	50
Dividends paid	**(77)**	(56)
Share based payment charge	**58**	54
Net (decrease)/increase to shareholders' funds	**(106)**	184
Opening equity shareholders' funds	**7,209**	7,025
Closing equity shareholders' funds	**7,103**	7,209

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

14 CONTINGENT LIABILITIES

The Company has given an unlimited guarantee against the bank borrowings of its subsidiaries. At 31 March 2013 the balances amounted to nil (2012: nil).

There were no further contingent liabilities at 31 March 2013 or 31 March 2012.

15 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2013 or at 31 March 2012.

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.

NOTES

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)
Phillip Lee (Group Finance Director)
David Edward Leakey (Group Sales Director)
Roger Allsop (Non-Executive Director)

Secretary:
Phillip Lee

Nominated adviser and Nominated broker:
Westhouse Securities Limited
20th Floor
Heron Tower
110 Bishopsgate
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EC2N 4AY

Registrars:
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