



June 26,2007

### **Results for the Fiscal Year ended 31<sup>st</sup> March 2007**

Turbotec Products Plc (TRBO.L), the designer and manufacturer of high performance, high quality heat exchangers and flexible connector products, which was admitted to AIM in May 2006, announces its Final Results for the year ended 31 March 2007.

### **HIGHLIGHTS**

- Turnover increased by 25% to \$23.53m (2006: \$18.75m)
- Operating profit up by 16.5% to \$1.974m (2006: \$1.694m)
- Profit before tax up 20.7% to \$1.878m (2006: \$1.556m)
- Total dividend 5.8 cents (2006: Nil)
- Expanded customer base in targeted markets
- Operational efficiencies achieved through continued implementation of lean manufacturing

Commenting on the Final Results, Sunil Raina, Managing Director of Turbotec Products, said:

"I am pleased with the performance of the Company in its maiden year in the AIM market. I remain optimistic about the future given Turbotec's expanding product offerings in an era of ever increasing fossil fuel process and the uncertainty of energy supply."

**- Ends -  
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#### **Turbotec Products Plc**

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Copies of this announcement are available for collection from Dawnay, Day Corporate Finance Limited's offices at 17 Grosvenor Gardens, London, SW1W 0BD and electronic copies can be obtained from the Company's website [www.turbotecproducts.com](http://www.turbotecproducts.com)

## **CHAIRMAN'S STATEMENT**

I am pleased to report that good progress has been made in meeting our strategic objectives, increasing our product range and improving our manufacturing facilities, which will support our continued growth and profitability.

### **Results and Earnings**

Turnover for the year ended 31 March 2007 increased by 25% to \$23.5m from \$18.75m in the previous year, and whilst this was partly assisted by increases in raw material prices, we have successfully managed to pass these on through increased selling prices, and still report a real sales volume growth of 11% for the year. We produced an operating profit for the financial year of \$1.97m representing an increase of 16.5% over the previous year.

In May 2006, at the time of the AIM placing, the Company stated that for the 2007 financial year, and in the absence of unforeseen circumstances, it intended to recommend a final dividend at the time of announcing the preliminary results for the 2007 financial year ending 31 March 2007. Accordingly The Company is recommending a final dividend of 5.8 cents per ordinary share (approximately 2.9p per share) making a

total dividend for the year of 5.8 cents. This is ahead of the dividend payment referred to at the IPO and we anticipate paying an interim and a final dividend going forward.

We continue to expand our utilisation of existing manufacturing facilities by active and continuous pursuit of lean manufacturing improvements. Looking to the future, we will at some stage need to take on additional facilities to meet our increasingly geographically spread customer base; which will at the same time also offer many opportunities for cost savings in our operations. The recent volatility in raw material prices led to a thorough and beneficial review of our pricing policies.

### **Dividend Timetable**

The dividend will be paid to qualifying shareholders on 24 August 2007. Shareholders recorded on Turbotec's share register at the close of business on 27 July 2007 will be eligible to receive the dividend. Consequently, Turbotec's ex-dividend date is 25 July 2007.

### **Administration Fee**

As disclosed in our admission document, Turbotec made payments during the year to Thermodynamics (the Company's majority shareholder), in anticipation of administrative services. In accordance with the Relationship Agreement these amounts are now recoverable. This has a positive impact on our reported earnings and allows your Board to present shareholders with a clearer picture of the underlying performance of the Company.

### **People**

We continue to search for good people to augment our existing strong team, which we are continually training and developing for our future growth. The business expansion has placed demands on employees at all levels and the Board would like to thank all employees for their dedication and support during the year.

### **Business Summary**

Turbotec's enhanced surface tubing provides higher energy efficiencies for applications in the biomedical, aerospace, automotive, boiler, marine, ice machine, swimming pool and spa, food and beverage and residential/commercial heating and cooling industries. These tubing products support a wide array of component and heat transfer needs, including surface-enhanced tubing, single and double wall co-axial condenser and evaporator coils and heat recovery systems.

### **Outlook**

The much-publicised current depression in the U.S. housing market has thus far had no negative impact on our business, with our order pipeline remaining healthy within our existing customer base, and our steady expansion in new sector customers. With the

ever-increasing energy prices affecting running costs, and the growing awareness on global warming issues, our products are well placed to exploit opportunities.

We have an evolving strategy that is simple and sound, a strong value proposition in our product range, facilities that we will expand to cope with our increased geographical sales coverage, and therefore the Board views the future prospects with optimism.

**Tom Nairn**  
**Chairman**  
**26 June 2007**

## **FINANCIAL STATEMENTS**

### **TURBOTEC PRODUCTS PLC**

#### **CONSOLIDATED INCOME STATEMENT**

**For the YEAR ended 31 MARCH 2007**

	<b>2007</b>		<b>2006</b>	
	<b>\$'000</b>		<b>\$'000</b>	
<b>Revenue</b>	23,530		18,750	
Cost of sales	(18,193)		(13,932)	
<b>Gross profit</b>	5,337		4,818	
Distribution costs	(836)		(751)	
Administrative expenses	(2,527)		(2,373)	
<b>Operating profit</b>	1,974		1,694	
Finance costs	(96)		(138)	

<b>Profit before tax</b>	1,878	1,556
Income tax expense	(564)	(530)
<b>Profit for the year</b>	1,314	1,026
<b>Earnings per share – basic</b>	\$ 0.10	\$ 0.10
<b>Earnings per share – diluted</b>	\$ 0.10	\$ 0.10

The profit for the year is all attributable to the equity holders of the parent company.

The accompanying notes are an integral part of these consolidated financial statements.

## **TURBOTEC PRODUCTS PLC**

### **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the YEAR ended 31 MARCH 2007**

	<b>Share capital \$'000</b>	<b>Share Premium \$'000</b>	<b>Retained earnings \$'000</b>	<b>Merger Reserve \$'000</b>	<b>Total \$'000</b>
<b>Balance at 31 March 2005</b>	178	-	2,791	(168)	2,801
Profit and total recognised income and expenses for the period	-	-	1,026		1,026

				-	
Dividends paid	-	-	(852)		(852)
<b>Balance at 31 March 2006</b>	<b>178</b>		<b>2,965</b>	<b>(168)</b>	<b>2,975</b>
Profit and total recognised income and expenses for the period	-	-	1,314	-	1,314
				-	
Share capital issued	50	4,333	-	-	4,383
Share issue costs	-	(892)	-	-	(892)
Dividends paid	-	-	(98)	-	(98)
Share based payment expense	-	-	1	-	1
<b>Balance at 31 March 2007</b>	<b>228</b>	<b>3,441</b>	<b>4,182</b>	<b>(168)</b>	<b>7,683</b>

The accompanying notes are an integral part of these consolidated financial statements.

## TURBOTEC PRODUCTS PLC

### CONSOLIDATED BALANCE SHEET AT 31 MARCH 2007

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
<b>Non-current assets:</b>		
Property, plant and equipment	4,175	3,656
Intangible assets	411	240
	4,586	3,896
<b>Current Assets:</b>		

Inventories	3,416	3,002
Trade and other receivables	3,359	2,112
Cash and cash equivalents	45	-
	6,820	5,114
<b>Current Liabilities</b>		
Current portion of long-term borrowings	108	286
Bank overdraft	-	2,610
Trade and other payables	2,315	2,303
Current tax liabilities	481	-
	2,904	5,199
<b>Net current assets/(liabilities)</b>	<b>3,916</b>	<b>(85)</b>
<b>Non-current liabilities</b>		
Long-term borrowings	224	291
Deferred tax	595	545
	819	836
<b>Net assets</b>	<b>7,683</b>	<b>2,975</b>
<b>Shareholders' equity:</b>		
Share capital	228	178
Share premium account	3,441	-
Merger reserve	(168)	(168)
Retained earnings	4,182	2,965
<b>Total equity</b>	<b>7,683</b>	<b>2,975</b>

The accompanying notes are an integral part of these consolidated financial statements.

## **TURBOTEC PRODUCTS PLC**

### **CONSOLIDATED Statements of Cash Flows**

**for the YEAR ENDED 31 MARCH 2007**

	2007	2006
	(\$000's)	(\$000's)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations		
Taxes paid	965	1,256
	(514)	(13)
Net cash provided by operating activities	451	1,243
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Development costs paid	(171)	(146)
Payments for property, plant and equipment	(773)	(352)
Net cash used in investing activities	(944)	(498)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	133	-
Proceeds from stock placing	4,382	-
Share issue costs	(892)	-
Principal payments on long term debt	(377)	(345)
Principal payments on capital lease obligations	-	(29)
Dividends paid to equity shareholder	(98)	(852)
Net cash used in financing	3,148	(1,226)

activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,655	(481)
CASH AND CASH EQUIVALENTS, beginning of period	(2,610)	(2,129)
CASH AND CASH EQUIVALENTS, end of period	45	(2,610)

The accompanying notes are an integral part of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2007 or 2006. Dormant company statutory accounts for 2006 have been delivered to the Registrar of Companies. The statutory accounts for 2007 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

### 2. TAXATION

Analysis of charge in period:

	2007	2006
	(\$000's)	(\$000's)
Current	514	345
Deferred	50	185
Taxation	564	530

Tax reconciliation:

The tax for the period is different than the standard rate of corporate tax in the UK (30% for both 2007 and 2006). The differences are attributable to the following:

	2007	2006
	(\$000's)	(\$000's)
Profit Before Tax	1,878	1,557
Profit before tax multiplied by rate of corporate tax in the UK of 30% (2006:30%)	563	467
Effect of:		
Temporary differences between book and tax income	(75)	1
Higher rate of tax on overseas earnings	75	62
Tax credits used to reduce taxes paid	(166)	-
Dividend from overseas subsidiary taxed at higher UK tax rate	167	-
Total taxation	564	530

### 3. BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

The calculations of basic and diluted earnings per ordinary share are based on the profit for the financial year and the weighted average number of equity voting shares in issue and dilutive shares during the year.

2007		2006	
(Numerator)	(Denominator)	(Numerator)	(Denominator)
(\$000's)	Weighted Average Shares	(\$000's)	Weighted Average Shares

**Basic  
EPS**

Profit for the year	1,314	-	1,027	-
Weighted average shares	-	12,523,273	-	10,009,590
<b>Effect of Dilutive Securities</b>				
Stock options	-	21,918	-	-
Diluted EPS	1,314	12,545,191	1,027	10,009,590

The comparative figures are pro-forma based on the number of shares that would have been in issue had the capital structure of the parent company always have been in place.

#### 4. INTANGIBLE FIXED ASSETS

	Goodwill (\$000's)	Capitalized Development Costs (\$000's)	Total (\$000's)
2007			
Cost and net book value			
Balance at 1 April, 2006	94	146	240
Additions	-	171	171
Balance at 31 March, 2007	94	317	411
2006			
Cost and net book value			
Balance at 1 April, 2005	94	-	94
Additions	-	146	146
Balance at 31 March, 2006	94	146	240

Goodwill relates to the acquisition of a technology company acquired by the US parent company in 1985. The operations of that company were subsequently integrated into the company's primary manufacturing facility. The technology acquired continues to be used by the Company as an integral part of the engineering and manufacturing of its current product line. As this asset is deemed to have an indefinite future benefit no amortization has been recognized in 2006 and 2007. The deferred development costs will be amortized over the expected lives of the related products once sales of these products commence on a commercial level.

## 5. FIXED ASSET INVESTMENTS

The following companies are subsidiary undertakings of the Company at 31 March, 2007 and have consolidated into the Company's results:

	Country of Incorporation	Principal Activity	% Owned
Turbotec Products, Inc	United States	Manufacture of Heat Transfer Products	100

## 6. CALLED UP SHARE CAPITAL

	Authorized		2006	
	2007		2006	
	Number of <u>Shares</u>	<u>\$000's</u>	Number of <u>Shares</u>	<u>\$000's</u>
Ordinary shares of 1p each	20,000,000	356	20,000,000	356
	Issued and Fully Paid			
Ordinary shares of 1p each	2007		2006	
	Number of <u>Shares</u>	<u>\$000's</u>	Number of <u>Shares</u>	<u>\$000's</u>

At beginning of year	10,009,590	178	10,009,590	178
Shares issued during year	2,797,183	50	-	-
	12,806,773	228	10,009,590	178

Turbotec Products Plc (the “Company”) was incorporated on 14 October 2005 in the UK and re-registered as a public company on April 11, 2006 and is the parent company of a wholly owned subsidiary, Turbotec Products, Inc (Turbotec) (together ‘the Company’).

On May 8, 2006, Thermodynamics, Inc. (“Thermodynamics”), formerly the sole shareholder of the Company, completed the sale of a minority interest of the company, whereby approximately 43.68% of the Company’s shares was sold or issued to institutional investors pursuant to a placing on the AIM Market of the London Stock Exchange. Pursuant to the placing, Thermodynamics sold and the Company issued 2,797,183 shares each (a total of 5,594,366 ordinary shares in the Company) at the price of 85 pence per ordinary share. Thermodynamics now owns 56.32% of Turbotec Products Plc, with the balance owned by institutional investors

## 7. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2007	2006
	(\$000's)	(\$000's)
Profit before tax	1,878	1,556
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	254	240
Changes in operating assets and liabilities:		
(Increase) in trade and other receivables	(1,246)	(124)
(Increase) in inventory	(414)	(645)
(Decrease) Increase in trade and other payables	(5)	567
Increase (decrease) in accrued expenses and taxes	497	(338)
Charge recognized in respect of share based payment	1	-

Net cash provided by operating activities		965	1,256
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## 8. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2007	2006
	(\$000's)	(\$000's)
Cash available on demand	45	-
Bank overdrafts	-	(2,610)
	45	(2,610)

## 9. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Thermodynamics, Inc, a company incorporated in the United States. This is largest and smallest Company into which the Company's results are consolidated. Copies of Thermodynamics Inc's consolidated financial statements can be obtained from that company at its home office: 651 Day Hill Road, Windsor, Connecticut, USA, 06095, Attention: Company Secretary.