



Press Release

24 June 2008

Turbotec Products Plc

("Turbotec" or "the Company")

Final Results

Turbotec Products Plc (TRBO.L), the designer and manufacturer of high performance, high quality heat exchangers and heat transfer tubing, today announces its Final Results for the year ended 31 March 2008.

Highlights

- Turnover increased by 19% to \$28.02m (2007: \$23.53m)
- Operating profit up by 63% to \$3.22m (2007: \$1.97m)
- Total dividend 6.7 cents (2007: 5.8 cents)
- Upgraded manufacturing facilities to support growing customer base

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

"I am pleased to report that Turbotec has again demonstrated strong growth. The resilience of our business over the last year will allow us to expand our healthy existing customer base into new product divisions with increased production and a new manufacturing base. I am cautiously optimistic about our marketplace given the growing uncertainty over global energy supply and the consequent necessity for practical, energy saving solutions."

- Ends -

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CHAIRMAN'S STATEMENT

Introduction

In this our second Annual Report since flotation, I am pleased to report a record year on all fronts. Further progress has been made in meeting our strategic objectives, expanding our customer base and developing our manufacturing facilities, all of which continue to support our steady growth and increased profitability.

Business Summary

Turbotec is a manufacturer of high performance, high quality heat exchangers, heat transfer tubing and fabricated metal components. The Company markets its products in the United States, Canada and other countries to customers in a variety of industries including space conditioning, refrigeration, marine, swimming pool and spa, plumbing, food and beverage, appliance and water heating. All manufacturing and related activities are conducted in the United States.

Results and Earnings

Turnover for the year ended 31 March 2008 increased by 19% to \$28m from \$23.5m in the previous year, producing an operating profit for the financial year of \$3.22m. This represents an increase of 63% over the previous year's \$1.97m, despite incurring over \$250,000 in unforeseen costs associated with the legal dispute with our majority shareholder Thermodynamics, Inc. ("TDYT").

This record performance enabled the Board to pay a second interim dividend of 4.4 cents per ordinary share (c. 2.2p per share) on 28 March 2008; this together with the first interim dividend of 2.3 cents per share (c. 1.6p per share) paid on 12 December 2007 gives a total for the year ended 31 March 2008 of 6.7 cents per share (c. 3.35p per share), compared with a total dividend of 5.8 cents per share for the previous year. Our intention is to continue to maintain a progressive dividend policy going forward.

Operations

We continue to expand our utilisation of existing manufacturing facilities by active and continuous pursuit of lean manufacturing improvements which has contributed to the improvement in gross margin to 26.2% for the current year (2007: 22.7%). Looking to the future, we are at an advanced stage of searching for additional facilities from which to serve our increasingly geographically spread customer base. This will also offer many further opportunities for cost savings in our operations.

Administration Fee

We explained our treatment of this item in last year's Annual Report and during this financial year we continued to pay monthly instalments of the administration fee due to TDYT. In accordance with the Relationship Agreement between the Company and TDYT, these amounts are recoverable. As you may have noted from our announcements in November 2007 and January 2008, our majority shareholder, TDYT, takes a differing view on the interpretation of the Relationship Agreement. In January 2008 proceedings were issued in London against the Company by TDYT, claiming it was entitled to receive amounts paid for the 2007 financial year in addition to the administration fee instalments it had already received for that same year, and indicating the value of its claim at circa £205,000.

On the basis of professional advice received, the Company believes that TDYT is entitled to either administration fee payments or other payments of equal amount for each of two consecutive financial years, but not both. Accordingly, we will be robustly defending TDYT's claim. With the conclusion of the 2008 financial year, the Company has discharged its obligation under the Relationship Agreement and will no longer pay an administration fee to TDYT.

People

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

Outlook

Given the already well publicised state of the U.S. economy, we continue to take a cautious view of the general business environment. However, we have experienced a certain resilience in our business over the last 12 months, which suggests that consumers are still intent on reducing their energy costs and improving their carbon footprint despite the difficult market conditions. Order intake remains reasonably healthy within our existing customer base, and we are experiencing steady expansion into a growing number of customers in new sectors. We believe that with ever-increasing energy prices affecting running costs, and the growing awareness of global warming issues, our products are well placed to exploit further opportunities.

We are now well advanced towards selecting a new manufacturing site in the southern United States which will enable us to expand our business more effectively and support our growing customer base. As well as geographic expansion, our growth strategy includes building sales into other related applications with new partners and the Board views the future prospects for the Company with optimism.

Tom Nairn
Chairman

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008**

		Unaudited 2008	Audited 2007
	Note	\$'000	\$'000
Revenue		28,021	23,530
Cost of sales		(20,675)	(18,193)
Gross profit		<u>7,346</u>	<u>5,337</u>
Distribution expenses		(662)	(836)
Administrative expenses		(3,466)	(2,527)
Operating profit		<u>3,218</u>	<u>1,974</u>
Finance expenses		(33)	(96)
Profit before tax		3,185	1,878
Income tax expense	2	(1,269)	(564)
Profit for the year		<u><u>1,916</u></u>	<u><u>1,314</u></u>
Earnings per share – basic	3	<u>\$ 0.15</u>	<u>\$ 0.10</u>
Earnings per share – diluted	3	<u>\$ 0.14</u>	<u>\$ 0.10</u>

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.

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008**

	Share capital	Share Premium	Retained earnings	Merger Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2006	178		2,965	(168)	2,975
Profit and total recognized 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
Balance at 31 March 2007	228	3,441	4,182	(168)	7,683
Profit and total recognized income and expenses for the period	-	-	1,916	-	1,916
Share based payment expense	-	38	-	-	38
Dividends paid	-	-	(1,602)	-	(1,602)
Balance at 31 March 2008	228	3,479	4,496	(168)	8,035

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

UNAUDITED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2008

	Note	Unaudited 2008 \$'000	Audited 2007 \$'000
Assets			
Non-current assets :			
Property, plant and equipment		4,496	4,175
Intangible assets	4	471	411
		4,967	4,586
Current Assets:			
Inventories		3,137	3,416
Trade and other receivables		2,996	3,359
Cash and cash equivalents		873	45
		7,006	6,820
Current Liabilities			
Current portion of long-term borrowings		178	108
Trade and other payables		2,428	2,315
Current tax liabilities		174	481
		2,780	2,904
Net current assets		4,226	3,916
Non-current liabilities			
Long-term borrowings		346	224
Deferred tax		812	595
		1,158	819
Net assets		8,035	7,683
Shareholders' equity:			
Share capital	6	228	228
Share premium account		3,479	3,441
Merger reserve		(168)	(168)
Retained earnings		4,496	4,182
Total equity		8,035	7,683

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

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 MARCH 31, 2008**

	Unaudited 2008	Audited 2007
	(\$000's)	(\$000's)
Cash flows from operating activities		
Profit before tax	3,185	1,878
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	293	254
Finance expense	33	96
Charge recognized in respect of share based payment	37	1
	<hr/>	<hr/>
Cash flows from operating activities before changes in working capital and provisions	3,548	2,229
Decrease (increase) in trade and other receivables	363	(1,246)
Decrease (increase) in inventory	279	(414)
Increase (decrease) in trade and other payables	356	(5)
(Decrease) increase in accrued expenses and taxes	(750)	401
	<hr/>	<hr/>
Cash generated from operations	3,796	965
Taxes paid	(884)	(514)
	<hr/>	<hr/>
Net cash provided by operating activities	2,912	451
Cash flows from investing activities		
Development costs paid	(60)	(171)
Purchases of property, plant and equipment	(614)	(773)
Net cash used in investing activities	<hr/> (674) <hr/>	<hr/> (944) <hr/>
Cash flows from financing activities		
Proceeds from long term borrowings	366	133
Proceeds from stock placing	-	4,382
Share issue costs	-	(892)
Principal payments on long term debt	(174)	(377)
Principal payments on capital lease obligations	-	-
Dividends paid to shareholders	(1,602)	(98)
Net cash used in financing activities	<hr/> (1,410) <hr/>	<hr/> 3,148 <hr/>

Net change in cash and cash equivalents	828	2,655
Cash and cash equivalents , beginning of period	<u>45</u>	<u>(2,610)</u>
Cash and cash equivalents , end of period	<u><u>873</u></u>	<u><u>45</u></u>

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

1. BASIS OF PREPARATION

The financial statements of the Group have been prepared in conformity with International Financial Reporting Standards (“IFRS” and IFRIC interpretations) issued by the International Accounting Standards Board as adopted for use in the European Union and with those parts of the Companies Act of 1985 applied to companies preparing their accounts under IFRS. The measurement basis used in the preparation of the financial statements is historical cost.

The financial information set out above does not constitute the company’s statutory accounts for the years ended 31 March 2008 or 2007. Statutory accounts for 2007 have been delivered to the Registrar of Companies. The statutory accounts for 2008 will be delivered to the Registrar of Companies following the company’s annual general meeting. The auditors have not yet reported on the 2008 accounts. Their report on the 2007 accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under S237(2) or (3) of the Companies Act 1985.

2. TAXATION

Analysis of charge in period:

	Unaudited 2008	Audited 2007
	(\$000’s)	(\$000’s)
Current tax expense		
Income tax computed at US tax rates	1,052	347
UK corporation tax	-	167
Total current tax expense	<u>1,052</u>	<u>514</u>
Deferred tax expense computed at US tax rates	217	50
Total income tax expense	<u><u>1,269</u></u>	<u><u>564</u></u>

Tax reconciliation:

The tax for the period is different than the standard rate of corporate tax in the UK (30% for both 2008 and 2007). The differences are attributable to the following:

	unaudited 2008	Audited 2007
	(\$000's)	(\$000's)
Profit Before Tax	<u>3,185</u>	<u>1,878</u>
Profit before tax multiplied by rate of corporate tax in the UK of 30% (2007:30%)	956	563
Effect of:		
Timing differences between book and tax income	25	(75)
Higher rate of tax on overseas earnings	318	75
Tax credits used to reduce taxes paid	(30)	(166)
Dividend from overseas subsidiary taxed at higher UK tax rate	-	167
Total taxation	<u>1,269</u>	<u>564</u>

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.

	<u>2008</u>		<u>2007</u>	
	Income (Numerator)	Shares (Denominator)	Income (Numerator)	Shares (Denominator)
Net income	<u>1,916</u>		<u>1,314</u>	
Basic EPS				
Profit for the year	1,916	12,806,773	1,314	12,523,273
Effect of Dilutive Securities				
Employee share options		<u>800,000</u>		<u>21,918</u>
Diluted EPS				
Weighted average number of Shares used in diluted EPS	<u>1,916</u>	<u>13,606,773</u>	<u>1,314</u>	<u>12,545,191</u>

4. INTANGIBLE FIXED ASSETS

	Goodwill (\$000's)	Deferred Research & Development (\$000's)	Total (\$000's)
Unaudited 2008			
Cost and net book value			
Balance at 1 April, 2007	94	317	411
Additions	-	60	60
Balance at 31 March, 2008	94	377	471
Audited 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

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 group as an integral part of the engineering and manufacturing of its current product line.

The Company operates as a single integrated business and as such has one operating segment, which is used as the reporting unit for the purposes of evaluating goodwill impairment. In accordance with IFRS 3, the Group regularly monitors the carrying value of intangible assets. A review was undertaken at 31 March 2008 to assess whether the carrying value of assets was supported by the net present value of cash flows derived from those assets using future cash flow projections. The discount rates for the review were based on company specific weighted average cost of capital and ranged from 6% to 8%. The future cash flows have been modeled to increase in line with historic rates. Further to the review, there have been no impairments to the carrying amount of goodwill in any period. 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 been consolidated into the Group'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			
	Unaudited 2008		Audited 2007	
	<u>Number of Shares</u>	<u>\$000's</u>	<u>Number of Shares</u>	<u>\$000's</u>
Outstanding shares of 1p each	20,000,000	356	20,000,000	356
	Issued and Fully Paid			
Outstanding shares of 1p each	unaudited 2008		Audited 2007	
	<u>Number of Shares</u>	<u>\$000's</u>	<u>Number of Shares</u>	<u>\$000's</u>
	At beginning of year	12,806,773	228	10,009,590
Issued on Aim listing	-		2,797,183	50
At end of year	12,806,773	228	12,806,773	228

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

On 8 May 2006, Thermodynamics, Inc. (or “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. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Thermodynamics, Inc, a company incorporated in the United States. This is the largest and smallest group 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.