



Press Release

14 August 2009

Turbotec Products Plc

("Turbotec" or "the Company")

First Quarter Results for the Three Months to 30 June 2009

Turbotec Products Plc (TRBO.L), the designer and manufacturer of high performance, high quality heat exchangers and Tru-Twist® heat transfer tubing, provides the following trading statement for the three month period ended 30 June 2009 ("Q1").

Overview

Q1 FY2010 sales of \$4.9 million (Q1 FY2009: \$7.4 million) were in line with the board's expectations, with shipments to all major market segments remaining weak. This is in line with sales of \$4.7 million in Q4 FY2009. The deep recession along with tight credit markets lowered the unit demand for all air-conditioning products including heat pumps and this, combined with lower commodity prices, resulted in the lower sales revenue.

Gross margin increased to 29.6% in Q1 compared to 27.9% for the same period last year and 28% for the full fiscal year ended 31 March 2009. Earlier this year and as previously notified, the Company implemented cost reduction programs in light of weaknesses in the overall economy and the housing market. As a result of such measures, along with continued implementation of lean manufacturing techniques and operating cost efficiencies, the Company generated pre-tax profit of \$0.52million (Q1 FY 2009: \$0.822 million) despite the lower sales.

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

"We are pleased to report that the Company remains profitable with a solid cash position in a time of very negative economic sentiment. We are continuing with the execution of our exciting plans for our Hickory (NC) facility and have recently moved a major manufacturing cell to support our southern customer base. Whilst the Company is working hard to combat short term market negativity, we will not let these conditions alter our strategic goals, which are built on confidence in the long term market opportunity for the Company."

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TURBOTEC PRODUCTS PLC
CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 30 JUNE

	2009	2008
	US\$'000	US\$'000
	UNAUDITED	UNAUDITED
Revenue	4,927	7,399
Cost of sales	(3,468)	(5,375)
Gross profit	<u>1,459</u>	<u>2,024</u>
Distribution costs	(140)	(178)
Administrative expenses	(797)	(1,019)
Operating profit	<u>522</u>	<u>827</u>
Finance costs	(2)	(5)
Profit before tax	<u>520</u>	<u>822</u>
Income tax expense	(211)	(315)
Profit for the period	<u>309</u>	<u>507</u>
Earnings per share – basic	\$ 0.0241	\$ 0.0396
Earnings per share – diluted	<u>\$ 0.0241</u>	<u>\$ 0.0373</u>

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

TURBOTEC PRODUCTS PLC
CONSOLIDATED BALANCE SHEETS AT

	30 JUNE 2009 US\$'000 UNAUDITED	31 MARCH 2009 US\$'000 AUDITED
Assets		
Non-current assets:		
Property, plant and equipment	5,069	5,018
Intangible assets	417	439
Other	7	7
	<u>5,493</u>	<u>5,464</u>
Current Assets:		
Inventories	3,422	3,572
Trade and other receivables	1,633	1,654
Cash and cash equivalents	2,063	1,509
	<u>7,118</u>	<u>6,735</u>
Current Liabilities		
Current portion of long-term borrowings	155	178
Trade and other payables	1,412	1,247
Current tax liabilities	99	117
	<u>1,666</u>	<u>1,542</u>
Net current assets	<u>5,452</u>	<u>5,193</u>
Non-current liabilities		
Long-term borrowings	146	167
Deferred tax	900	900
	<u>1,046</u>	<u>1,067</u>
Net assets	<u>9,899</u>	<u>9,590</u>
Shareholders' equity:		
Share capital	228	228
Share premium account	3,441	3,441
Merger reserve	(168)	(168)
Retained earnings	6,398	6,089
Total equity	<u>9,899</u>	<u>9,590</u>

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

TURBOTEC PRODUCTS PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 30 JUNE

	Unaudited 2009	Unaudited 2008
	(\$000's)	(\$000's)
Cash flows from operating activities		
Profit before tax	520	822
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	108	77
Finance expense	2	5
Charge recognized in respect of share based payment	22	12
Cash flows from operating activities before changes in working capital and provisions	652	916
Decrease in trade and other receivables	21	197
Decrease (increase) in inventory	150	(679)
Increase (decrease) in trade and other payables	159	(152)
(Decrease) in accrued expenses and taxes	(18)	(38)
Cash generated from operations	964	244
Taxes paid	(229)	(429)
Net cash provided by (used in) operating activities	735	(185)
Cash flows from investing activities		
Development costs paid	-	(15)
Purchases of property, plant and equipment	(137)	(132)
Net cash used in investing activities	(137)	(147)
Cash flows from financing activities		
Principal payments on long term debt	(44)	(44)
Net cash used in financing activities	(44)	(44)
Net change in cash and cash equivalents	554	(376)
Cash and cash equivalents, beginning of period	1,509	873
Cash and cash equivalents, end of period	2,063	497

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 periods ended 30 June 2009 or 30 June 2008.

2. TAXATION

Analysis of charge in period:

	Three Months Ended 30 June 2009 (US\$000's)	Three Months Ended 30 June 2008 (US\$000's)
Current	211	300
Deferred	-	15
Taxation	211	315

Tax reconciliation:

The effective tax rates for the periods are different than the standard rate of corporate tax in the UK (28% for the three month period ended 30 June 2009 (30%: 2008). The differences are attributable to the following:

	2009 (US\$000's)	2008 (US\$000's)
Profit Before Tax	520	822
Profit before tax multiplied by rate of corporate tax in the UK of 28% (2008:30%)	146	247
Effect of:		
Temporary differences between book and tax income	3	(6)
Higher rate of tax on overseas earnings	65	74
Tax credits used to reduce taxes paid	(3)	-
Total taxation	211	315

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 period.

	2009		2008	
	(Numerator)	(Denominator)	(Numerator)	(Denominator)
	(US\$000's)	Weighted	(US\$000's)	Weighted
		Average		Average
		Shares		Shares
Basic EPS				
Profit for the period	309	-	507	-
Weighted average shares	-	12,806,773	-	12,806,773
Diluted EPS- Effect of Dilutive Securities				
Stock options	-	-	-	800,000
Diluted EPS	309	12,806,773	507	13,606,773

4. INTANGIBLE FIXED ASSETS

	Goodwill	Capitalized	Total
	(US\$000's)	Development	(US\$000's)
	(US\$000's)	Costs	(US\$000's)
	(US\$000's)	(US\$000's)	(US\$000's)
Period Ended 30 June 2009			
Cost and net book value			
Balance at 1 April, 2009	94	345	439
Additions	-	-	-
Amortization	-	(22)	(22)
Balance at 30 June, 2009	94	323	417
Period Ended 30 June 2008			
Cost and net book value			
Balance at 1 April, 2008	94	377	471
Additions	-	15	15
Balance at 30 June, 2008	94	392	486

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 fiscal years 2009 and 2010. Commencing in fiscal 2009 the deferred development costs are being amortized over the expected lives of the related products.

5. FIXED ASSET INVESTMENTS

The following companies are subsidiary undertakings of the Company at 30 June, 2008 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

Called up share capital for the three month periods ended 30 June is as follows:

	Authorized			
	2009		2008	
	Number of Shares	(US\$000's)	Number of Shares	(US\$000's)
Ordinary shares of 1p each	20,000,000	356	20,000,000	356

Ordinary shares of 1p each	Issued and Fully Paid			
	2009		2008	
	Number of Shares	(US\$000's)	Number of Shares	(US\$000's)
At beginning of year	12,806,773	228	12,806,773	228
Shares issued during period	-	-	-	-
	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 April 11, 2006 and is the parent company of a wholly owned subsidiary, Turbotec Products, Inc.

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.

8. ANALYSIS OF CASH AND CASH EQUIVALENTS

	30 June 2009 (US\$000's)	30 June 2008 (US\$000's)
Cash available on demand	2,063	497
Bank overdrafts	-	-
	<u>2,063</u>	<u>497</u>

9. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Thermodynamics, Inc, a company incorporated in the United States. This is largest and smallest group into which the Company's results are consolidated.