



Press Release

17 December 2008

Turbotec Products Plc

("Turbotec" or "the Company")

Interim Results

Turbotec Products Plc (TRBO.L), the designer and manufacturer of high performance, high quality heat exchangers and Tru-Twist® heat transfer tubing, announces its interim results for the six months ended 30 September 2008.

Highlights

- Revenue increased by 3% to \$14.9m (2007: \$14.5m)
- Gross profit up by 16% to \$4.3m (2007: \$3.7m)
- Gross margin increased to 28.9% (2007: 25.7%)
- Profit before tax up 3% to \$1.53m (2007: \$1.48m)
- Net assets increased by 14% to \$9.0m (2007: \$7.9m)
- Positive cash flow generated in period \$0.3m (2007: \$0.1m outflow)
- Selected base for new manufacturing facility in Hickory, North Carolina

Overview

Revenues were slightly ahead of expectations for the six month period at \$14.9 million, up \$0.4 million, or 3% over the prior year. Shipments of heat exchangers to our major water source heat pump customers remained strong and slightly ahead of the same period last year with the requirement for 'green' buildings driving sales of our products.

The swimming pool market remains down significantly from the prior year, continuing the trend exhibited through much of the past year. Issue of pool permits is running at significantly reduced levels from the peak attained in 2006. Shipments of our heat exchangers and the Titanium twisted tubes to existing customers were down, however Turbotec's share of this market is growing with the addition of two global OEM customers.

Gross margin percentage was 28.8% for the first six months of fiscal 2009 compared to 25.7% for the same period last year and 26.2% for the full fiscal year ended 31 March 2008. The improvement in gross margin was a result of more favourable market conditions in certain sectors, together with product mix, coupled with production efficiencies arising from the completion of lean manufacturing projects.

As announced on 24 September 2008, Turbotec has selected Hickory, North Carolina as the base for its new manufacturing plant. An existing 20,000 square foot building in an industrial park is being leased, with plans in place to prepare the plant for manufacturing, with installation of machinery, equipment and the hiring and training of employees by the end of the current financial year. The added space and capacity will reduce the pressure on our Windsor, Connecticut plant, which has been running at capacity for some time.

Whilst profit before tax was up 3% to \$1.53m, net profit for the six month period was down 2.2% to \$928,000 as compared to the same period of the prior year. The litigation with the majority shareholder has led to a disproportionate rise in the use of legal and other advisory services resulting in a sharp increase in administrative expenses.

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

“We are delighted to report exceptional first half sales and earnings despite the global economic environment. The Company is cash generative, has a strong balance sheet and is managing its working capital carefully so that we continue to be prepared to withstand the pressures caused by the general economic environment. We are excited about our new manufacturing facility and the opportunities it presents for the future. We remain committed to positioning our Company to take advantage of opportunities in the continued drive towards energy efficient heating and cooling systems.”

-Ends-

For further information please contact:

Turbotec Products Plc

Sunil Raina, Managing Director

Tel: +1 (860) 731 4205

SRaina@turbotecproducts.com

Robert Lieberman, Finance Director

Tel: +1 (860) 731 4206

RLieberman@turbotecproducts.com

www.turbotecproducts.com

Evolution Securities Limited

Joanne Lake / Peter Steel

Tel: +44 (0) 113 243 1619

Joanne.lake@evosecurities.com

Media enquiries:

Abchurch Communications

Charlie Jack / Jack Ballantyne

Tel: +44 (0)20 7398 7714

jack.ballantyne@abchurch-group.com

www.abchurch-group.com

Copies of this announcement are available for collection from Evolution Securities, offices at Kings House, 1 King Street, Leeds, LS1 2HH and electronic copies can be obtained from the Company's website www.turbotecproducts.com

CHAIRMAN'S STATEMENT

In this our third interim report since we joined the AIM market, it is pleasing in such troubled times to be able to report increased sales and pre-tax profits, over the comparable period last year. It is a tribute to our high quality and energy efficient products that we remain busy supplying some of our core markets. We do however view the current global economic situation as extremely challenging, and realise the great difficulties some of our major customers face. Despite the deteriorating economic conditions, and the resulting global down turn, some of our customers are still experiencing increased demand. Pleasingly we have seen raw material costs back to levels not seen for two years.

The continuing unhealthy condition of the US economy and the uncertainty of what lies ahead is unhelpful in determining the best use of our cash resources in the near term. During the coming months we will see the capital and revenue costs associated with the build up of our Hickory NC facility grow, as we start to establish manufacturing cells in a lower cost environment. We will also take a prudent approach to cash management, to allow us to take advantage of opportunistic raw material purchases in light of fluctuating raw material prices.

Unfortunately the ongoing legal dispute brought by our majority shareholder Thermodynamics Inc ("TDYT") against the Company in January 2008 is continuing, with TDYT recently revising the value of its claim upwards. The Company remains confident of its position and is continuing to defend the claim vigorously, however, the dispute is consuming considerable funds and this will continue, increasingly as we prepare for trial in March 2009. Although the dispute led to none of the resolutions at the Company's recent AGM being passed, and some considerable time and expense was incurred in dealing with the failure to reappoint BDO Stoy Hayward as the Company's auditors, TDYT has, however, now agreed to their subsequent appointment.

Carefully considering all of these factors, the Board has concluded that it should reserve any decision on dividend payment until after the current year end; to do otherwise would be imprudent.

Our new Southern base in Hickory NC provides an excellent platform for a lower cost manufacturing environment, and is now a reality. An attractive, conveniently located facility has been leased and the establishment of the first manufacturing cell has started. As we move forward into 2009, our goal of manufacturing high quality products more competitively from a facility that is closer to our expanding southern customer and supplier base will be achieved, along with a commensurate reduction in transportation costs.

We remain committed to our key objectives of growth, quality and innovation. Furthermore our core market share continues to increase, and together with the excellent opportunity presented by the new Hickory facility, we have continued optimism for the future.

Tom Nairn

Chairman

15 December 2008

TURBOTEC PRODUCTS PLC
CONSOLIDATED INCOME STATEMENT

	Six Months 30 September 2008 \$'000 UNAUDITED	Six Months 30 September 2007 \$'000 UNAUDITED	Year Ended 31 March 2008 \$'000 AUDITED
Revenue	14,929	14,458	28,021
Cost of sales	(10,634)	(10,748)	(20,675)
Gross profit	<u>4,295</u>	<u>3,710</u>	<u>7,346</u>
Distribution costs	(343)	(403)	(662)
Administrative expenses	(2,411)	(1,811)	(3,466)
Operating profit	<u>1,541</u>	<u>1,496</u>	<u>3,218</u>
Finance costs	(11)	(15)	(33)
Profit before tax	<u>1,530</u>	<u>1,480</u>	<u>3,185</u>
Income tax expense	(602)	(531)	(1,269)
Profit for the period	<u>928</u>	<u>949</u>	<u>1,916</u>
Earnings per share – basic	\$ 0.07	\$ 0.07	\$ 0.15
Earnings per share – diluted	\$ 0.07	\$ 0.07	\$ 0.14

TURBOTEC PRODUCTS PLC
CONSOLIDATED BALANCE SHEET

	30 SEPT 2008 \$'000 UNAUDITED	30 SEPT 2007 \$'000 UNAUDITED	31 MARCH 2008 \$'000 AUDITED
Assets			
Non-current assets:			
Property, plant and equipment	4,666	4,239	4,496
Intangible assets	481	460	471
Other	5	-	-
	<u>5,152</u>	<u>4,699</u>	<u>4,967</u>
Current Assets:			
Inventories	4,035	3,897	3,137
Trade and other receivables	2,573	3,206	2,996
Cash and cash equivalents	1,173	1	873
Current tax assets	194	-	-
	<u>7,975</u>	<u>7,104</u>	<u>7,006</u>
Current Liabilities			
Current portion of long-term borrowings	179	179	178
Bank overdraft	-	13	-
Trade and other payables	2,829	2,313	2,428
Current tax liabilities	-	407	174
	<u>3,008</u>	<u>2,912</u>	<u>2,780</u>
Net current assets	<u>4,967</u>	<u>4,192</u>	<u>4,226</u>
Non-current liabilities			
Long-term borrowings	256	311	346
Deferred tax	847	672	812
	<u>1,103</u>	<u>983</u>	<u>1,158</u>
Net assets	<u>9,016</u>	<u>7,908</u>	<u>8,035</u>
Shareholders' equity:			
Share capital	228	228	228
Share premium account	3,441	3,441	3,441
Merger reserve	(168)	(168)	(168)
Retained earnings	5,515	4,407	4,534
Total equity	<u>9,016</u>	<u>7,908</u>	<u>8,035</u>

TURBOTEC PRODUCTS PLC
CONSOLIDATED STATEMENTS OF CASH FLOW

	SIX MONTHS 30 SEPT 2008	SIX MONTHS 30 SEPT 2007	YEAR ENDED 31 MARCH 2008
	\$'000 UNAUDITED	\$'000 UNAUDITED	\$'000 AUDITED
Cash flows from operating activities			
Profit before tax	1,530	1,480	3,185
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	153	140	293
Finance expense	11	15	33
Charge recognized in respect of share based payment	54	18	37
Cash flows from operating activities before changes in working capital and provisions	1,748	1,653	3,548
Decrease / (increase) in trade and other receivables	418	152	363
Decrease / (increase) in inventory	(898)	(481)	279
Increase / (decrease) in trade and other payables	79	(191)	356
Increase / (decrease) in accrued expenses and taxes	425	176	(750)
Cash generated from operations	1,722	1,309	3,796
Taxes paid	(1,050)	(529)	(884)
Net cash provided by operating activities	722	780	2,912
Cash flows from investing activities			
Development costs paid	(10)	(48)	(60)
Purchases of property, plant and equipment	(323)	(204)	(614)
Net cash used in investing activities	(333)	(252)	(674)
Cash flows from financing activities			
Proceeds from long term borrowings	-	190	366
Proceeds principals on long term debt	(89)	(32)	(174)
Dividends paid to shareholders	-	(743)	(1,602)
Net cash used in financing activities	(89)	(585)	(1,410)
Net change in cash and cash equivalents	300	(57)	828
Cash and cash equivalents, beginning of period	873	45	45
Cash and cash equivalents, end of period	1,173	(12)	873

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The AIM Rules for Companies require that the annual consolidated financial statements of the company for the 52 week period ending 31 March 2009 be prepared in accordance with International Financial Reporting Standards adopted for use in the EU ("IFRS"). Consequently this half year financial statement has been prepared on a consistent basis in accordance with the accounting policies adopted in the accounts for the year ended 31 March 2008 and on the basis of the recognition and measurement requirements of IFRS in issue that are either endorsed by the EU and effective (or available for early adoption) at 8 December 2008 and hence on the basis of IFRS that expected to apply in preparation of the accounts for the year ending 31 March 2009. The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These interim financial statements are unaudited.

The comparatives for the full year ended 31 March 2008 are not the Company's full statutory accounts for that year within the meaning of Section 240 of the Companies Act of 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

2. TAXATION

Analysis of charge in period:

	Six months ended 30 Sept 2008 (\$000's)	Six months ended 30 Sept 2007 (\$000's)	Year ended 31 March 2008 (\$000's)
Current	567	456	1,052
Deferred	35	76	217
Taxation	602	531	1,269

Tax reconciliation:

The effective tax rates for the periods are different than the standard rate of corporate tax in the UK (30% for all periods presented). The differences are attributable to the following:

	Six months ended 30 Sept 2008 (\$000's)	Six months ended 30 Sept 2007 (\$000's)	Year ended 31 March 2008 (\$000's)
Profit before tax	1,530	1,480	3,185
Profit before tax multiplied by rate of corporate tax in the UK of 30%	459	444	956
Effect of:			
Temporary differences between book and tax income	(15)	(20)	25
Higher rate of tax on overseas earnings	153	170	318
Dividend from overseas subsidiary taxed at higher UK rate	-	-	-
Tax credits used to reduce taxes paid	(15)	(60)	(30)
Other	20	(3)	-
Total taxation	602	531	1,269

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.

	<u>Six Months 30 Sept 2008</u>		<u>Six Months 30 Sept 2007</u>		<u>Year Ended 31 March 2008</u>	
	(Numerator) (\$000's)	(Denominator) Weighted Average Shares	(Numerator) (\$000's)	(Denominator) Weighted Average Shares	(Numerator) (\$000's)	(Denominator) Weighted Average Shares
Basic EPS						
Profit for the period	928	-	949	-	1,916	-
Weighted average shares	-	12,806,773	-	12,806,773	-	12,806,773
Diluted EPS- Effect of Dilutive Securities						
Stock options	-	-	-	800,000	-	800,000
Diluted EPS	928	12,806,773	949	13,606,773	1,916	13,606,773

4. INTANGIBLE ASSETS

	Goodwill (\$000's)	Capitalized Development Costs (\$000's)	Total (\$000's)
Period Ended 30 Sept 2008			
Cost and net book value			
Balance at 1 April, 2008	94	377	471
Additions	-	10	10
Balance at 30 Sept, 2008	94	387	481
Period Ended 30 Sept 2007			
Cost and net book value			
Balance at 1 April, 2007	94	317	411
Additions	-	49	49
Balance at 30 Sept, 2007	94	366	460
Period Ended 31 March 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

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. 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. ANALYSIS OF CASH AND CASH EQUIVALENTS AT:

	30 Sept 2008 (\$000's)	30 Sept 2007 (\$000's)	31 March 2008 (\$000's)
Cash available on demand	1,173	1	873
Bank overdrafts	-	(13)	-
	<u>1,173</u>	<u>(12)</u>	<u>873</u>

6. LONG TERM BORROWINGS

	30 Sept 2008 (\$000's)	30 Sept 2007 (\$000's)	31 March 2008 (\$000's)
Current financial liabilities			
Bank overdrafts	-	13	-
Bank loans - secured	179	179	178
Non-current financial liabilities			
Bank loans - secured	256	311	346

The bank loans and overdraft are secured by a fixed charge over the assets of the Group. In addition, the Group must comply with certain financial and non-financial covenants, non-compliance with which would be considered an event of default and provide the bank with the right to demand repayment prior to the loan's maturity date.

The interest rate on floating rate financial liabilities is linked to the bank's prime rate. The interest rates charged at the balance sheet date are as follows:

	30 Sept 2008	30 Sept 2007	31 March 2008
Bank overdrafts and secured loans	5.00%	7.75%	5.25%

Maturities of borrowings are as follows:

	30 Sept 2008 (\$000's)	30 Sept 2007 (\$000's)	31 March 2008 (\$000's)
In less than 1 year	194	179	201
In 1-2 years	138	132	193
In 3-4 years	89	72	91
Thereafter	45	107	39
	<u>466</u>	<u>490</u>	<u>524</u>

7. ULTIMATE PARENT COMPANY

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

8. APPROVAL

This interim report was approved by the Directors of the Company on 15 December 2008. Copies may be obtained on the Company's website, www.turbotecproducts.com, or from the Company Secretary.