



Press Release

6 November 2007

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 flexible connector products, is pleased to announce the following Interim Results for the six month period ended 30 September 2007.

Highlights

- Turnover increased by 25% to \$14.5m (2006: \$11.5m)
- Gross profit up by 44% to \$3.7m (2006: \$2.6m)
- Profit before tax up 95% to \$1.5m (2006: \$0.8m)
- Net assets increased by 21% to \$7.9m (2006: \$6.5m)
- Performance strong despite U.S. housing market downturn
- First interim dividend of 1.1p per ordinary share to be paid

Overview

Revenues were ahead of expectation and set a new record for the Company. For the six month period net revenues were \$14.5 million, up \$2.9 million, or 25% over the prior year. Shipments to the major water source heat pump customers remained strong for the period despite the continued weakening in the housing and construction markets. The demand for high efficiency heat pumps has increased in the past year as requirement for 'green' buildings continues to give our products broad appeal. The higher efficiency units are being successfully marketed as a smart investment to reduce increasing energy costs in existing housing. Shipments of boiler tubing were up significantly in the current year as the replacement market for high efficiency boilers in schools and other public facilities benefited from strong sales in the summer period. Conversely, the swimming pool heat pump market remains down significantly from the prior year, continuing the trend exhibited through much of fiscal 2008. Turbotec's share of this market is expected to grow with the addition later this year of two major OEM customers.

Following a strong first half, the Directors anticipate delivering full year results in line with market expectations; however, they do expect the sub-prime fall out to modestly impact the Company's pace of growth in the second half.

Gross margin percentage was 25.6% for the first six months of fiscal 2008 compared to 22.3% for the same period last year. For the full fiscal year ended 31 March 2007 gross margin percentage was 22.6%. The improvement in gross margin was a result of more favorable market conditions in certain sectors and adjustments to formulas passing on the cost increases of raw materials, coupled with production efficiencies resulting from completed lean manufacturing projects.

Net profit for the current six month period was \$949,000 compared to \$538,000 for the same period of the prior year. Increased expenditures in marketing, engineering and corporate governance functions were made in the current year as the company continues to expand its business base and product applications.

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 worsening status of the U.S. housing market. While we remain optimistic about the future and continue to aggressively pursue new opportunities, the extended softness in residential and commercial construction will impact our order backlog at some major customers, which may eventually affect the Company's shipments in future periods. However, we are confident that the Company remains firmly on track for continued long term growth."

- Ends -

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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

CHAIRMAN'S STATEMENT

I am pleased to report that for the interim period ended 30 September 2007, the Company continued to report record levels of turnover and net profit. The core markets for our products remained strong despite the extended downturn in the U.S. housing market and commercial construction projects.

The Board is pleased to announce an interim dividend for the fiscal year ending 31 March 2008 in the amount of 2.3 cents (1.1p) per ordinary share. The dividend will be paid on 12 December 2007 to qualifying shareholders on Turbotec's share register at the close of business on 30 November 2007.

We continue to invest in process improvements through our capital project program and focus on efficient manufacturing techniques. These activities have had a positive impact on our operating performance during the current year. The Company's review of pricing policies has added stability to our revenue stream, further improving gross profit.

Further to my comments in the Annual Report, we have narrowed our search of suitable locations for the expansion of our manufacturing facilities, required to meet the growing needs of our diverse customer base and proximity to supply chain partners. We continue to seek staff additions that will increase our management depth and technical expertise.

As the prolonged depression in the U.S. housing market continues unabated, certain of our major customers have begun to experience reductions in their order backlog. The impact has not been felt by the Company at this time but we are continually monitoring the situation. However, the Company outlook for the remainder of 2007 is likely to remain in line with previous guidance. We remain very optimistic about our long term prospects and see excellent growth potential in our core markets.

Tom Nairn

Chairman

6 November 2007

TURBOTEC PRODUCTS PLC
CONSOLIDATED INCOME STATEMENTS

	Six Months 30 September 2007 \$'000 UNAUDITED	Six Months 30 September 2006 \$'000 UNAUDITED	Year Ended 31 March 2007 \$'000 AUDITED
Revenue	14,458	11,545	23,530
Cost of sales	(10,748)	(8,975)	(18,193)
Gross profit	<u>3,710</u>	<u>2,570</u>	<u>5,337</u>
Distribution costs	(403)	(419)	(836)
Administrative expenses	(1,811)	(1,338)	(2,527)
Operating profit	<u>1,496</u>	<u>813</u>	<u>1,974</u>
Finance costs	(15)	(55)	(96)
Profit before tax	<u>1,480</u>	<u>758</u>	<u>1,878</u>
Income tax expense	(531)	(220)	(564)
Profit for the period	<u>949</u>	<u>538</u>	<u>1,314</u>
Earnings per share – basic	<u>\$ 0.07</u>	<u>\$ 0.04</u>	<u>\$ 0.10</u>
Earnings per share – diluted	<u>\$ 0.07</u>	<u>\$ 0.04</u>	<u>\$ 0.10</u>

The profit for the periods shown 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 BALANCE SHEETS

	30 SEPT 2007 \$'000 UNAUDITED	30 SEPT 2006 \$'000 UNAUDITED	31 MARCH 2007 \$'000 AUDITED
Assets			
Non-current assets:			
Property, plant and equipment	4,239	3,787	4,175
Intangible assets	460	306	411
	<u>4,699</u>	<u>4,093</u>	<u>4,586</u>
Current Assets:			
Inventories	3,897	3,653	3,416
Trade and other receivables	3,206	2,731	3,359
Cash and cash equivalents	1	2	45
	<u>7,104</u>	<u>6,386</u>	<u>6,820</u>
Current Liabilities			
Current portion of long-term borrowings	78	123	108
Bank overdraft	13	197	-
Trade and other payables	2,313	2,358	2,315
Current tax liabilities	407	145	481
	<u>2,811</u>	<u>2,823</u>	<u>2,904</u>
Net current assets/(liabilities)	<u>4,293</u>	<u>3,563</u>	<u>3,916</u>
Non-current liabilities			
Long-term borrowings	412	168	224
Deferred tax	672	982	595
	<u>1,084</u>	<u>1,150</u>	<u>819</u>
Net assets	<u>7,908</u>	<u>6,506</u>	<u>7,683</u>
Shareholders' equity:			
Share capital	228	228	228
Share premium account	3,441	3,441	3,441
Merger reserve	(168)	(168)	(168)
Retained earnings	4,407	3,005	4,182
Total equity	<u>7,908</u>	<u>6,506</u>	<u>7,683</u>

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

TURBOTEC PRODUCTS PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

	SIX MONTHS 30 SEPT 2007 (\$000's) UNAUDITED	SIX MONTHS 30 SEPT 2006 (\$000's) UNAUDITED	YEAR ENDED 31 MARCH 2007 (\$000's) AUDITED
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	1,306	(376)	965
Taxes paid	(529)	-	(514)
Net cash provided by (used in) operating activities	<u>777</u>	<u>(376)</u>	<u>451</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Development costs paid	(48)	(60)	(171)
Payments for property, plant and equipment	(204)	(256)	(773)
Net cash used in investing activities	<u>(252)</u>	<u>(316)</u>	<u>(944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	190	92	133
Proceeds from stock placing	-	4,382	4,382
Share issue costs	-	(892)	(892)
Principal payments on long term debt	(30)	(377)	(377)
Principal payments on capital lease obligations	-	-	-
Dividends paid	(743)	(98)	(98)
Net cash used in financing activities	<u>(583)</u>	<u>3,107</u>	<u>3,148</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(58)	2,415	2,655
CASH AND CASH EQUIVALENTS, beginning of period	<u>46</u>	<u>(2,610)</u>	<u>(2,610)</u>
CASH AND CASH EQUIVALENTS, end of period	<u>(12)</u>	<u>(195)</u>	<u>45</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim financial statements have been prepared using the recognition and measurement principles of 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 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 2007 are not the Company's full statutory accounts for that year. 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 2007 (\$000's)	Six Months Ended 30 Sept 2006 (\$000's)	Year Ended 31 March 2007 (\$000's)
Current	455	172	514
Deferred	76	48	50
Taxation	<u>531</u>	<u>220</u>	<u>564</u>

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:

	6 Months 30 Sept 2007 (\$000's)	6 Months 30 Sept 2006 (\$000's)	Year Ended 31 March 2007 (\$000's)
Profit before tax	<u>1,480</u>	<u>758</u>	<u>1,878</u>
Profit before tax multiplied by rate of corporate tax in the UK of 30%	444	228	563
Effect of:			
Temporary differences between book and tax income	(20)	(10)	(75)
Higher rate of tax on overseas earnings	170	26	75
Dividend from overseas subsidiary taxed at higher UK rate	-	-	167
Tax credits used to reduce taxes paid	(60)	(20)	(166)
Other	(3)	(4)	-
Total taxation	<u>531</u>	<u>220</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 period.

	<u>Six Months 30 Sept 2007</u>		<u>Six Months 30 Sept 2006</u>		<u>Year Ended 31 March 2007</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	949	-	538	-	1,314	-
Weighted average shares	-	12,806,773	-	12,095,662	-	12,523,273
Diluted EPS- Effect of Dilutive Securities						
Stock options	-	800,000	-	-	-	21,918
Diluted EPS	949	13,606,773	538	12,095,662	1,314	12,545,191

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)
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 30 Sept 2006			
Cost and net book value			
Balance at 1 April, 2006	94	146	240
Additions	-	66	66
Balance at 30 Sept, 2006	94	212	306
Period Ended 31 March 2007			
Cost and net book value			
Balance at 1 April, 2006	94	146	240
Additions	-	171	171
Balance at 31 March, 2007	94	206	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 2007 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. CALLED UP SHARE CAPITAL

Called up share capital is as follows:

	<u>Six Months Ended 30 Sept 2007</u>		<u>Six Months Ended 30 Sept 2006</u> <u>and Year Ended 31 March 2007</u>	
	Authorized			
	2007		2006	
	Number of Shares	\$000's	Number of Shares	\$000's
Ordinary shares of 1p each	20,000,000	356	20,000,000	356
	Issued, Called Up and Fully Paid			
	2007		2006	
	Number of Shares	\$000's	Number of Shares	\$000's
At beginning of year	12,806,773	228	10,009,590	178
Shares issued during period	-	-	2,797,183	50
	12,806,773	228	12,806,773	228

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.

6. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES -

	Six Months 30 Sept 2007	Six Months 30 Sept 2006	Year Ended 31 Mar 2007
	2007 (\$000's)	2006 (\$000's)	2006 (\$000's)
Profit before tax	949	538	1,878
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	140	126	254
Changes in operating assets and liabilities:			
Decrease (increase) in trade and other receivables	152	(625)	(1,246)
Decrease (increase) in inventory	(481)	(651)	(414)
(Decrease) Increase in trade and other payables	(191)	166	(5)
Increase (decrease) in accrued expenses and taxes	719	70	497
Charge recognized in respect of share based payment	18	-	1
Net cash provided by operating activities	1,306	(376)	965

7. ANALYSIS OF CASH AND CASH EQUIVALENTS AT:

	30 Sept 2007 (\$000's)	30 Sept 2006 (\$000's)	31 March 2007 (\$000's)
Cash available on demand	1	2	45
Bank overdrafts	(13)	(197)	-
	(12)	(195)	45

8. LONG TERM BORROWINGS

	30 Sept 2007 (\$000's)	30 Sept 2006 (\$000's)	31 March 2007 (\$000's)
Current Financial Liabilities			
Bank overdrafts	13	197	-
Bank loans- secured	78	123	108
	<u>91</u>	<u>320</u>	<u>108</u>
Non-current financial liabilities			-
Bank loans- secured	412	168	224

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, noncompliance 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 are as follows:

	30 Sept 2007	30 Sept 2006	31 March 2007
Bank overdrafts and secured loans	7.75%	8.25%	8.25%

Maturities of borrowings are as follows:

	30 Sept 2007 (\$000's)	30 Sept 2006 (\$000's)	31 March 2007 (\$000's)
In less than 1 year	78	123	108
In 1-2 years	132	93	98
In 3-4 years	72	15	43
Thereafter	107	-	-
	<u>490</u>	<u>291</u>	<u>332</u>

9. DIVIDEND PAYMENT TO EQUITY SHAREHOLDERS

At the Annual General Meeting of the Company held on 14 August 2007, shareholders approved a final dividend of 5.8 cents per ordinary share for the 2007 fiscal year, payable to qualifying shareholders at the close of business on 27 July, 2007. Cash dividends aggregating \$743,000 were paid to shareholders, of which \$413,000 was recovered against administration fees previously paid to the Company's majority shareholder pursuant to Company's Relationship Agreement entered into with the majority shareholder at the time of the Company's Admission.

In October 2007 the Company announced an interim dividend for the fiscal year ending 31 March 2008 in the amount of 2.3 cents (1.1p) per ordinary share. The dividend will be paid on 12 December 2007 to qualifying shareholders on Turbotec's share register at the close of business on 30 November 2007.

10. 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.

11. APPROVAL

This interim report was approved by the Directors of the Company on 6 November 2007. Copies may be obtained on the company's website, www.turbotecproducts.com , or from the Company Secretary.