

RNS ANNOUNCEMENT



For immediate release

30 June 2008

INTERIM RESULTS 2008

Pressure Technologies plc ("Pressure Technologies" or the "Group"), the designer, manufacturer and retester of speciality high pressure, seamless steel gas cylinders for the global energy and defence markets, is pleased to announce its interim results for the six months ended 29 March 2008.

Highlights:

- Revenue increased to £11.7 million (2007: £7.3 million)
- Operating profit of £2.3 million, including exchange gains of £0.4m (2007: £0.8 million)
- Pre-tax profit of £2.4 million (2007: £0.7 million)
- Basic earnings per share of 15.0p (2007: 7.1p)
- Maiden interim dividend of 2.0p per share (2007: nil)
- Strategy to broaden the activities of the business through acquisition and diversification continues
- Significant opportunities in UK Compressed Biogas market being explored

Richard Shacklady, Chairman of Pressure Technologies, said:

"Our forward order book has been maintained at £18 million and stretches well into 2009 giving the Group good forward visibility. There is also a pipeline of further large tenders still outstanding. The world demand for energy is such that offshore oil and gas exploration and production has to go into deeper waters, up to 9,000 feet above seabed, which requires semi-submersible rigs and drillships. Our customers lead the world in the type of drilling rig technology required to reach these depths.

"This reaffirms the validity of the Group strategy and the Board remains confident of delivering substantial year on year growth."

...Ends...

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Tel: 0845 213 4730**Company description:**

Pressure Technologies is the holding company for Chesterfield Special Cylinders Limited ("CSC"). CSC designs, manufactures and offers retesting and refurbishment services for a range of speciality high pressure, seamless steel gas cylinders for global energy and defence markets. The business has been conducted under the "Chesterfield" brand which is a long established name in the cylinders and specialised pressure vessel market.

Based at Meadowhall, Sheffield, the Group's vision is to grow the business through a mixture of organic growth, diversification and the acquisition of complementary businesses to achieve a £40 million turnover business within five years of the June 2007 flotation on AIM.

CHAIRMAN'S STATEMENT

I am pleased to report that the strong upward momentum in our business, which started in 2004, has continued into a fourth year.

Financial Highlights:

In the half year ended 29 March 2008 revenue increased by 60% to £11.7 million, compared to £7.3 million in the equivalent period in 2007 and included a record level of exports of £10.0 million. Operating profit of £2.3 million was nearly three times the 2007 level of £0.8 million. Demand from our global energy markets was sustained at a high level, supported by orders being booked from our key growth sectors - notably overseas naval markets, the UK and European industrial gas trailer markets and aerospace markets.

The growth in volume, combined with efficiencies from our investment programme, resulted in an improvement in operating margins. Underlying gross margin before exchange gains was increased by 2.4% to 28.4%. A trading gain of £0.2 million arose due to a combination of the weakening of sterling against the euro and a change of mix of sales currencies. A further gain of £0.2m was made as a consequence of the adoption of IAS 39 but it is now Group policy to purchase forward contracts for foreign exchange, which should largely eliminate this type of adjustment in the future. The second half of the year will also be affected by our newly introduced summer shutdown.

As a result of our strong forward book and extended lead times for our raw materials, which are sourced globally, it was necessary for us to increase our stock levels in order to support our customers' requirements. This stepped increase in raw material flow, combined with the down payments on future orders for material and the higher levels of sales, resulted in cash consumption of £1.9 million in the first half. Material continues to be purchased against specific customer contracts to eliminate pricing risk.

The Board is pleased to declare an interim dividend of 2.0 pence per share for the six months to 29 March 2008; this will be paid on 12 August 2008 to all shareholders on the register at the close of business on 11 July 2008. The ex-dividend date will 9 July 2007.

Strategy:

Our business growth programme, to penetrate global energy and high pressure gases markets as outlined in the 2007 Annual Report, continues to be implemented. Given the sustained global increase in demand for oil and gas in energy and petrochemical markets, we continue to benefit significantly from demand for deep water rigs, which require our ultra large cylinder assemblies.

Whilst exploiting this opportunity, we continue to seek to broaden the base of the business. Additional professional and technician resources have been recruited to support the programme and it is particularly pleasing to report on business secured from major multi-national industrial gases customers, outsourcing their road trailer fleet refurbishment, and long term contracts secured for overseas naval business.

Significant market development effort is being applied to expand the growth opportunities for the business:

- Compressed Biogas in the UK. Compressed Biogas is cleaned methane, captured from waste water treatment and the anaerobic digestion of other organic waste, held at high pressure for use as a vehicle fuel or injection into the gas grid. This is an area of huge potential in which the UK has fallen behind the rest of Western Europe,

as the UK subsidy system has been, until recently, skewed in favour of other types of renewable energy.

- Other development programmes are currently underway to investigate the potential application of composite materials and internal coatings for cylinders.

Additionally the Group continues to consider growth and diversification by acquisition and is actively working on a short list of targets.

The Board and Corporate Governance:

Following the half year end, we announced the appointment of Philip Cammerman as a non executive director and we look forward to benefiting from his considerable commercial and City experience. Philip has been appointed Chairman of our Remuneration Committee. We also recently appointed James Lister as Finance Director. James joined us in January 2008 as Company Secretary. He has already made a step change in our internal management reporting, as well as leading the preparation of the annual report and the conversion to International Financial Reporting Standards for this interim statement.

I believe we now have a strong and balanced Board to take the business through its next phase of growth.

People:

We continued to recruit skilled engineers and operatives, technicians and professional staff not only to support the current demand levels but also to facilitate further growth.

Our commitment to employee skills training continues with a further 16 employees working toward minimum NVQ Level 2 standard; this is our threshold skills level. We also have an active skilled apprentice programme underway.

It is particularly pleasing to report that Chesterfield Special Cylinders, our operating business, has been assessed and awarded ISO 14001 environmental accreditation in the period under review.

Prospects:

Our forward order book has been maintained at £18 million and stretches well into 2009 giving the Group good forward visibility. There is also a pipeline of further large tenders still outstanding. The world demand for energy is such that offshore oil and gas exploration and production has to go into deeper waters, up to 9,000 feet above seabed, which requires semi-submersible rigs and drillships. Our customers lead the world in the type of drilling rig technology required to reach these depths.

This reaffirms the validity of the Group strategy and the Board remains confident of delivering substantial year on year growth.

Richard L Shacklady
Chairman
30 June 2008

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 29 March 2008 £'000	Unaudited Six months ended 31 March 2007 £'000	Unaudited Year ended 30 September 2007 £'000
Continuing operations				
Revenue	3	11,674	7,283	15,124
Cost of sales		(7,964)	(5,373)	(11,189)
Gross profit		3,710	1,910	3,935
Selling and administration expenses before exceptional administration costs		(1,363)	(1,107)	(2,053)
Exceptional administration costs	4	-	-	(530)
Total selling and administration expenses		(1,363)	(1,107)	(2,583)
Operating profit before exceptional costs		2,347	803	1,882
Exceptional administration costs		-	-	(530)
Operating profit		2,347	803	1,352
Finance income		88	10	116
Finance cost		(13)	(65)	(84)
Profit before taxation		2,422	748	1,384
Income tax expense	5	(719)	(225)	(446)
Profit for the period		1,703	523	938
Earnings per share – basic	6	15.0p	7.1p	10.9p
Earnings per share - diluted	6	15.0p	7.1p	10.9p

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
Balance at 30 September 2006	220	-	(54)	680	846
Changes in equity in the period					
- Profit for the period	-	-	-	523	523
Balance at 31 March 2007	220	-	(54)	1,203	1,369
Balance at 30 September 2006	220	-	(54)	680	846
Changes in equity in the year					
- Profit for the year	-	-	-	938	938
- Issue of share capital	200	5,341	-	-	5,541
- Release of financial liability	147	-	54	269	470
Balance at 30 September 2007	567	5,341	-	1,887	7,795
Balance at 30 September 2007	567	5,341	-	1,887	7,795
Changes in equity in the period					
- Profit for the period	-	-	-	1,703	1,703
- Share based payment expense credited to equity	-	-	-	6	6
Balance at 29 March 2008	567	5,341	-	3,596	9,504

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited 29 March 2008 £'000	Unaudited 31 March 2007 £'000	Unaudited 30 September 2007 £'000
Assets			
Non-current assets			
Property, plant and equipment	1,898	1,561	1,774
Deferred tax asset	62	41	49
	1,960	1,602	1,823
Current assets			
Inventories	5,754	1,947	4,550
Trade and other receivables	6,946	4,982	3,233
Cash and cash equivalents	3,025	735	4,930
	15,725	7,664	12,713
Total assets	17,685	9,266	14,536
Liabilities			
Current liabilities			
Trade and other payables	(6,208)	(5,098)	(5,348)
Short-term borrowings	-	(814)	-
Current portion of long-term borrowings	(80)	(216)	(80)
Current tax payable	(1,016)	(341)	(362)
	(7,304)	(6,469)	(5,790)
Non-current liabilities			
Other payables	(336)	(293)	(448)
Long-term borrowings	(200)	(904)	(240)
Deferred tax liabilities	(341)	(231)	(263)
	(877)	(1,428)	(951)
Total liabilities	(8,181)	(7,897)	(6,741)
Net assets	9,504	1,369	7,795
Equity			
Share capital	567	220	567
Share premium account	5,341	-	5,341
Other reserve	-	(54)	-
Profit and loss account	3,596	1,203	1,887
Total equity	9,504	1,369	7,795

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Note	Unaudited Six months ended 29 March 2008 £'000	Unaudited Six months ended 31 March 2007 £'000	Unaudited Year ended 30 September 2007 £'000
Cash flows from operating activities				
Profit after taxation		1,703	523	938
Credit direct to reserves in respect of share based payments		6	-	-
Adjustments for:				
Depreciation		88	84	203
Finance (income)/cost – net		(75)	55	(32)
Profit on disposal of property, plant and equipment		(19)	-	(1)
Taxation expense recognised in income statement		719	225	446
Increase in inventories		(1,204)	(666)	(3,269)
(Increase)/decrease in trade and other receivables		(3,713)	(1,586)	163
Increase in trade and other payables		860	527	777
(Decrease)/increase in non-current other payables		(112)	11	166
Cash generated from operations		(1,747)	(827)	(609)
Interest paid		(13)	(65)	(84)
Interest received		88	10	116
Income taxes paid		-	-	(176)
Net cash flow used in operating activities		(1,672)	(882)	(753)
Cash flows from investing activities				
Purchase of property, plant and equipment		(294)	(88)	(428)
Proceeds from sale of equipment		101	-	9
Net cash flow used in investing activities		(193)	(88)	(419)
Cash flows from financing activities				
Financing				
Proceeds from issue of ordinary share capital (net of expenses)		-	-	5,541
Long term borrowings repaid		(40)	(107)	(437)
Net cash (used in) / from financing activities		(40)	(107)	5,104
Net (decrease)/increase in cash and cash equivalents		(1,905)	(1,077)	3,932
Cash and cash equivalents at beginning of period		4,930	998	998
Cash and cash equivalents at end of period		3,025	(79)	4,930

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Nature of operations and general information

The principal activities of Pressure Technologies plc and its subsidiaries (the Group) include the design, manufacture, testing and refurbishment of high pressure gas cylinders.

Pressure Technologies plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Pressure Technologies plc's registered office, which is also its principal place of business, is Meadowhall Road, Sheffield, S9 1BT, United Kingdom. Pressure Technologies plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

Pressure Technologies condensed consolidated interim financial statements are presented in Pounds Sterling (£) which is also the functional currency of the parent company.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 30 June 2008.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 30 September 2007, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237 (2) or Section 237 (3) of the Companies Act 1985.

2. Accounting policies

Basis of preparation

These interim condensed consolidated financial statements are for the six months ended 29 March 2008. They have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the requirements of IFRS 1 "First time adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ending 27 September 2008. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2007.

The financial statements have been prepared under the historical cost convention, except for the remeasurement of financial instruments.

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 27 September 2008 or are expected to be adopted and effective at 27 September 2008, the first annual report date at which the Group is required to use IFRS accounting standards adopted by the EU.

Pressure Technologies plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 30 September 2007. The date of transition to IFRS was 1 October 2006. The comparative figures in respect of the year to 30 September 2007 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 9. No exemptions have been taken under IFRS1 in respect of first time adoption of IFRS.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Basis of consolidation

The Group financial statements consolidate those of Pressure Technologies plc and its subsidiary undertakings. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Basis of consolidation (continued)

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Pressure Technologies Limited ("PT") was incorporated on 2 March 2007. On 21 May 2007, PT entered into a share for share exchange with the shareholders of Chesterfield Pressure Systems Group Limited ("CPSG") pursuant to which PT acquired the entire issued share capital of CPSG. As the shareholders of PT after this transaction remained the same as those previously in CPSG, no change of control took place. The transaction was a reorganisation of an existing entity and accordingly the transaction has been accounted for as a Group reconstruction with both the net assets of PT and CPSG being recorded at book value. These interim financial statements present consolidated information as if the Group existed in its current form at 30 September 2006, 31 March 2007, 30 September 2007 and 29 March 2008.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and rewards that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those operating in other economic environments.

Based on risks and returns, the directors consider that the primary reporting format is by business segment. The directors consider that only one business segment exists, being the Group's supply of high pressure gas cylinders into the energy market. Consequently, separate disclosure of each business segment is not required as disclosures for the primary segment are already given in the financial statements.

The secondary reporting format is by geographical analysis, by origin and destination.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable and arises from the sales of goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue from the sale of goods is recognised when the significant risks and benefits of ownership have been transferred to the buyer, which maybe on despatch, completion of the product or the product being ready for delivery, based on specific contract terms; when the amount of revenue can be measured reliably; and when it is probable that the economic benefits associated with the transaction will flow to the Group.

Revenue from services provided by the Group is recognised when the outcome of the transaction can be estimated reliably and the Group has performed its obligations and, in exchange, obtained the right to consideration.

Exceptional administration costs

Exceptional administration costs are material items which individually or, if a similar type, in aggregate, need to be disclosed by virtue of their size or incidence because of their relevance to understanding the entity's financial performance.

Share-based employee remuneration

All share-based payment arrangements granted after 7 November 2002, which had not vested by the date of transition to IFRS, are recognised in the consolidated financial statements. The Group operates equity-settled share-based remuneration plans for remuneration of its employees. The Group's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to the profit and loss reserve.

Share-based employee remuneration (continued)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as additional paid-in capital.

Dividends

Dividends are recognised when the shareholders right to receive payment is established.

Property, plant and equipment

Plant and equipment is stated at cost, net of depreciation and any provision for impairment. No depreciation is charged whilst assets are still in the course of construction. Depreciation is applied on a straight-line basis so as to reduce the assets to their residual values over their estimated useful lives. Residual values are reviewed annually. The rates of depreciation used are:

Plant and machinery	4 – 15 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

The Group operates from a single manufacturing site in Sheffield under a 15 year lease expiring in June 2020. The directors consider that the remaining life of the building to be considerably longer than the remaining life of the lease and consequently the lease has been treated as an operating lease.

Operating leases

Payments under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Lease incentives are spread over the term of the lease.

Inventories

Inventories are stated at the lower of cost and net realisable value, on a first in first out basis. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Income taxes

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective periods of realisation, provided they are enacted or substantially enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Accounting for financial assets

Financial assets other than hedging instruments are divided into the following categories:

- loans and receivables
- financial assets at fair value through profit or loss
- available-for-sale financial assets
- held-to-maturity investments

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses is recognised in profit or loss or directly in equity.

The Group currently has loans and receivables and financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. Pressure Technologies plc trade and most other receivables fall into this category of financial instruments. Discounting, however, is omitted where the effect of discounting is immaterial.

Significant receivables are considered for impairment on a case-by-case basis when they are past due at the balance sheet date or when objective evidence is received that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics, if any. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Accounting for financial liabilities

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Financial liabilities are initially recognised at fair value, net of issue costs, when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Derivative financial instruments

The Group has derivative financial instruments and embedded derivative financial instruments that are carried at fair value through profit or loss. The Group does not hedge account for these items.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists. The Group has foreign currency forward contracts that fall into this category.

Derivatives embedded within contracts for the sale or purchase of a non-financial item that are denominated in a foreign currency are separated when their economic characteristics and risks are not closely related to those of the host contract. Embedded derivatives are valued at their fair value with changes in fair value being recognised in the income statement.

The Group have sales and purchase orders that contain embedded derivatives.

Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary balance sheet items at year-end exchange rates are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts, where they form an integral part of the Group's cash management.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. The only equity instrument applicable to the Group is its issued share capital.

Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest rate method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the component instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

The Group previously had preferential ordinary shares in issue which fell into this category. These shares were converted to ordinary shares during the previous financial year.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grants

Grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account in the same period as the related expenditure is incurred.

Pensions

The Group operates a defined contribution scheme with costs being charged to the income statement in the period to which they relate.

3. Segmental analysis

Revenue by destination

	Unaudited Six months ended 29 March 2008 £'000	Unaudited Six months ended 31 March 2007 £'000	Unaudited Year ended 30 September 2007 £'000
United Kingdom	1,642	1,074	1,794
Other EU	730	9	350
Rest of World	9,302	6,200	12,980
	11,674	7,283	15,124

All turnover originates in the United Kingdom.

4. Exceptional administration costs

The exceptional administration costs in the year ended 30 September 2007 relate to the Group's flotation on AIM of £125,000 and costs relating to an unsuccessful overseas acquisition of £405,000.

5. Taxation

	Note	Unaudited Six months ended 29 March 2008 £'000	Unaudited Six months ended 31 March 2007 £'000	Unaudited Year ended 30 September 2007 £'000
Current tax				
Current tax expense		654	230	445
Relating to prior periods		-	-	(18)
Total current taxation		654	230	427
Deferred taxation				
Origination and reversal of temporary differences – current year		65	(5)	19
Total deferred taxation		65	(5)	19
Taxation charged to the income statement		719	225	446

6. Earnings per ordinary share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options.

	Unaudited Six months ended 29 March 2008 £'000	Unaudited Six months ended 31 March 2007 £'000	Unaudited Year ended 30 September 2007 £'000
Profit after tax	1,703	523	938
	Number of shares	Number of shares	Number of shares
Weighted average number of shares in issue (used for basic earnings per share)	11,333,620	7,333,620	8,615,812
Dilutive effect of options issued 30 November 2007	39,465	-	-
Diluted weighted average number of shares (used for diluted earnings per share)	11,373,085	7,333,620	8,615,812
Earnings per share - basic	15.0p	7.1p	7.1p
Earnings per share - diluted	15.0p	7.1p	7.1p

7. Dividend

An interim dividend of 2.0p per share will be paid on 12 August 2008 to shareholders on the register at the close of business on 11 July 2008.

8. Additions and disposals of property, plant and equipment

	Unaudited Six months ended 29 March 2008 £'000	Unaudited Six months ended 31 March 2007 £'000	Unaudited Year ended 30 September 2007 £'000
Carrying amount brought forward	1,774	1,557	1,557
Additions	293	88	428
Disposals	(82)	-	(8)
Depreciation	(87)	(84)	(203)
Carrying amount carried forward	1,898	1,561	1,774

9. Explanation of transition to IFRS

As stated in the Basis of preparation, these are the Group's first condensed consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below:

IAS 17 - Accounting for operating leases

The Group benefited from an operating lease incentive at the outset of its 15 year lease on the Meadowhall factory in 2005.

Under UK GAAP, the benefit of the operating lease incentive is spread to the date that the rent is first revised to market rent.

Under IAS 17 "Leases", payments made under operating leases should be recognised as an expense on a straight line basis over the lease term, even if lease payments are not made on such a basis. As a result, the total amount payable under the operating lease has been spread over the entire lease term on a straight line basis, with the difference between the amount recognised in the income statement and the amount paid being included within other payables on the balance sheet.

IAS 39 - Contracts in foreign currencies

IAS 39 "Financial Instruments: recognition and measurement", requires that embedded derivatives are separated from the host contract and accounted for as a derivative when they are not closely related to the economic characteristics of the host contract. A value is placed on all sales and purchase orders at the time of order placement based on the forward rate applicable for the expected date of delivery. Where orders remain outstanding at subsequent reporting dates, the difference between that rate and the forward rate for the expected delivery date calculated at the reporting date is accounted for separately as a derivative asset or liability.

Movements in the carrying value of the derivative asset or liability are recognised through the income statement.

IAS 39 also requires forward foreign exchange contracts to be recognised on the balance sheet at their fair value with movements in the fair value being recognised through the income statement.

IAS 12 – Income taxes

IAS 12 "Income taxes", requires that deferred tax is calculated based on the difference between the carrying amounts of assets and liabilities and their tax bases. As a result, deferred tax has been calculated on each of the adjustments explained above. Deferred tax assets and liabilities are recognised separately.

Reconciliation of equity at 30 September 2006

	UK GAAP £'000	IAS 17 £'000	IAS 39 £'000	IAS 12 £'000	IFRS £'000
Property, plant and equipment	1,557	-	-	-	1,557
Deferred tax asset	-	-	-	33	33
Non-current assets	1,557	-	-	33	1,590
Inventories	1,281	-	-	-	1,281
Trade and other receivables	3,366	-	30	-	3,396
Cash and cash equivalents	998	-	-	-	998
Current assets	5,645	-	30	-	5,675
Total assets	7,202	-	30	33	7,265
Trade and other payables	(4,571)	-	-	-	(4,571)
Current portion of long-term borrowings	(216)	-	-	-	(216)
Current tax payable	(111)	-	-	-	(111)
Current liabilities	(4,898)	-	-	-	(4,898)
Other payables	(180)	(102)	-	-	(282)
Long-term borrowings	(1,011)	-	-	-	(1,011)
Deferred tax liabilities	(216)	-	-	(12)	(228)
Non-current liabilities	(1,407)	(102)	-	(12)	(1,521)
Total liabilities	(6,305)	(102)	-	(12)	(6,419)
Net assets	897	(102)	30	21	846
Share capital	220	-	-	-	220
Other reserve	(54)	-	-	-	(54)
Profit and loss account	731	(102)	30	21	680
Total equity	897	(102)	30	21	846

Reconciliation of profit for the six months ended 31 March 2007

	UK GAAP £'000	IAS 17 £'000	IAS 39 £'000	IAS 12 £'000	IFRS £'000
Revenue	7,283	-	-	-	7,283
Cost of sales	(5,357)	-	(16)	-	(5,373)
Gross profit	1,926	-	(16)	-	1,910
Selling and administration expenses	(1,071)	(36)	-	-	(1,107)
Operating profit	855	(36)	(16)	-	803
Finance income	10	-	-	-	10
Finance cost	(65)	-	-	-	(65)
Profit before taxation	800	(36)	(16)	-	748
Taxation	(241)	-	-	16	(225)
Profit for the period	559	(36)	(16)	16	523

Reconciliation of equity at 31 March 2007

	UK GAAP £'000	IAS 17 £'000	IAS 39 £'000	IAS 12 £'000	IFRS £'000
Property, plant and equipment	1,561	-	-	-	1,561
Deferred tax asset	-	-	-	41	41
Non-current assets	1,561	-	-	41	1,602
Inventories	1,947	-	-	-	1,947
Trade and other receivables	4,968	-	14	-	4,982
Cash and cash equivalents	735	-	-	-	735
Current assets	7,650	-	14	-	7,664
Total assets	9,211	-	14	41	9,266
Trade and other payables	(5,098)	-	-	-	(5,098)
Short-term borrowings	(814)	-	-	-	(814)
Current portion of long-term borrowings	(216)	-	-	-	(216)
Current tax payable	(341)	-	-	-	(341)
Current liabilities	(6,469)	-	-	-	(6,469)
Other payables	(155)	(138)	-	-	(293)
Long-term borrowings	(904)	-	-	-	(904)
Deferred tax liabilities	(227)	-	-	(4)	(231)
Non-current liabilities	(1,286)	(138)	-	(4)	(1,428)
Total liabilities	(7,755)	(138)	-	(4)	(7,897)
Net assets	1,456	(138)	14	37	1,369
Share capital	220	-	-	-	220
Other reserve	(54)	-	-	-	(54)
Profit and loss account	1,290	(138)	14	37	1,203
Total equity	1,456	(138)	14	37	1,369

Reconciliation of profit for the year ended 30 September 2007

	UK GAAP £'000	IAS 17 £'000	IAS 39 £'000	IAS 12 £'000	IFRS £'000
Revenue	15,124	-	-	-	15,124
Cost of sales	(11,237)	-	48	-	(11,189)
Gross profit	3,887	-	48	-	3,935
Selling and administration expenses	(1,980)	(73)	-	-	(2,053)
Exceptional administration costs	(530)	-	-	-	(530)
Operating profit	1,377	(73)	48	-	1,352
Finance income	116	-	-	-	116
Finance cost	(84)	-	-	-	(84)
Profit before taxation	1,409	(73)	48	-	1,384
Taxation	(452)	-	-	6	(446)
Profit for the period	957	(73)	48	6	938

Reconciliation of equity at 30 September 2007

	UK GAAP £'000	IAS 17 £'000	IAS 39 £'000	IAS 12 £'000	IFRS £'000
Property, plant and equipment	1,774	-	-	-	1,774
Deferred tax asset	-	-	-	49	49
Non-current assets	1,774	-	-	49	1,823
Inventories	4,550	-	-	-	4,550
Trade and other receivables	3,155	-	78	-	3,233
Cash and cash equivalents	4,930	-	-	-	4,930
Current assets	12,635	-	78	-	12,713
Total assets	14,409	-	78	49	14,536
Trade and other payables	(5,348)	-	-	-	(5,348)
Current portion of long-term borrowings	(80)	-	-	-	(80)
Current tax payable	(362)	-	-	-	(362)
Current liabilities	(5,790)	-	-	-	(5,790)
Other payables	(273)	(175)	-	-	(448)
Long-term borrowings	(240)	-	-	-	(240)
Deferred tax liabilities	(241)	-	-	(22)	(263)
Non-current liabilities	(754)	(175)	-	(22)	(951)
Total liabilities	(6,544)	(175)	-	(22)	(6,741)
Net assets	7,865	(175)	78	27	7,795
Share capital	567	-	-	-	567
Share premium account	5,341	-	-	-	5,341
Profit and loss account	1,957	(175)	78	27	1,887
Total equity	7,865	(175)	78	27	7,795

INDEPENDENT REVIEW REPORT TO PRESSURE TECHNOLOGIES PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 29 March 2008 which comprises of the Condensed Consolidated Interim Income Statement, Condensed Consolidated Interim Statement of Changes in Equity, Condensed Consolidated Balance Sheet, Condensed Consolidated Interim Cash Flow Statement and the Notes to the Condensed Consolidated Interim Financial Statements. We have read the other information contained in the interim report which comprises only of the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report.

As disclosed in note 1, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union. This interim report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the requirements of IFRS1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements.

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 29 March 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP
Chartered Accountants
Birmingham, England
30 June 2008