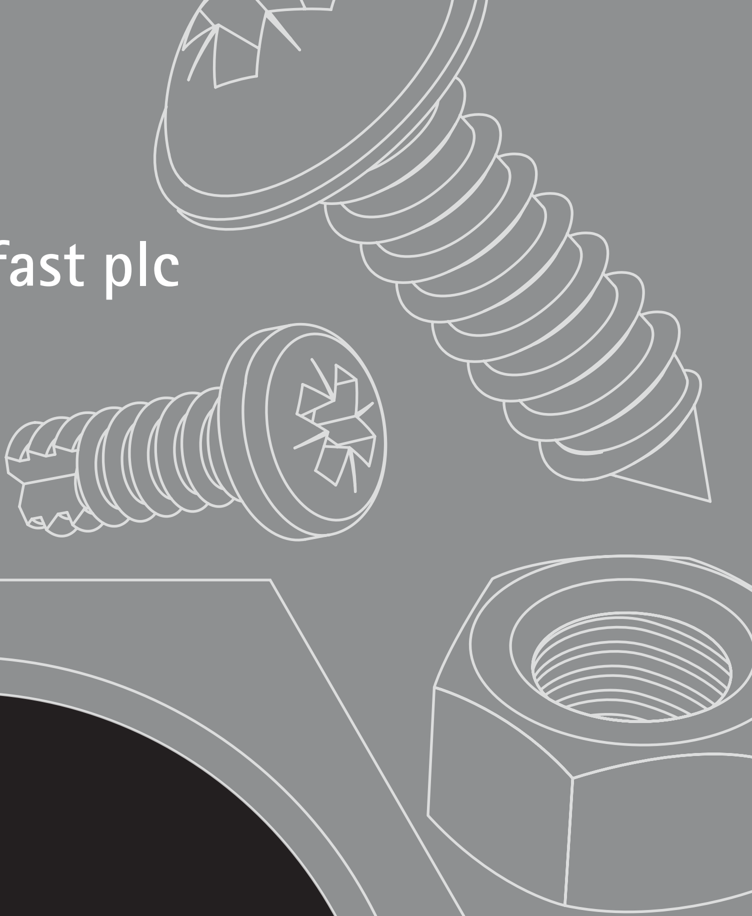
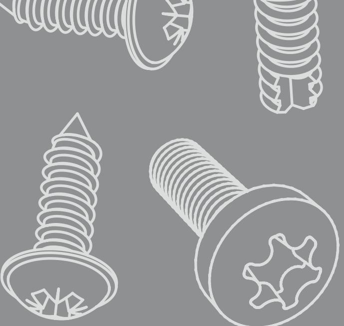
Trifast plc





ANNUAL REPORT

for the year ended 31 March 2015

World of Opportunity

a clear **strategy** for **growth**

Trifast plc

Our Strategic Report

Pushing the boundaries

what we do, where we do it, how we do it . . .

and why we can and will do much more of it!

Mission and Vision

To continue to grow profitability,
improve stakeholder returns and drive efficiencies

To be acknowledged commercially as the market leader
in terms of service, quality & brand reputation

Our Group business model

Adding value for our customers, colleagues and shareholders

Read more about our **Strategy** on pages 7 and 8

View more content online at **www.trifast.com**

01 Customer networks

Worldwide we service customers of all sizes and across a range of sectors from automotive through to electronics/telecoms and the domestic appliances market. Whether you are one of our over 40 multinational OEMs or a local family business, at *Trifast* you will get the same high quality, low cost, people centred approach. It is our reliability of supply, coupled with our willingness to consistently go the extra mile that makes our customer networks such a key strength of the business.

Adding value

Our existing customer base and reputation within the industry act as a springboard for our continuing growth, whether we are seeking to win new customers, acquire complementary niche bolt-on businesses or to further penetrate into our existing customer base. It is our total commitment to maintaining our ever expanding customer network that will continue to drive our market share and growth.

02 Lean global supply chain

The *Trifast* Group achieves over 60% of its revenue from more than 40 multinational OEM customers. Our core facilities in Asia, North America and Europe mirror the global spread of our customer base. We know that being able to meet the challenging geographical requirements of our customers is about more than just resources and logistics. It is also an absolute necessity to be a regional or local business with the knowledge and skills needed to manage the many regulatory and cultural differences around the world.

Adding value

Our world class supply chain management (serving over 60 countries) is a priority requirement for global customers as it offers a combination of lean logistics, high quality low cost manufacturing and technical support, together with design and product development skills. This provides an 'open door' for *TR*, allowing us the opportunity to continue to expand our global customer base.

03 Investing for tomorrow

To keep moving forward it is key that we continue to invest in our business, whether this is in our people, our manufacturing capabilities and quality, or in finding the next successful bolt-on niche acquisition. At *TR*, we have both the resources and the targeted investment strategy to keep pushing the Group onwards.

We recognise that a key part of our success is our people — their skills, enthusiasm, loyalty and energy are constantly acknowledged by our customers and suppliers. We understand that the **right people** are what make *TR* the **right choice** for our customers, shareholders and other stakeholders.

Adding value

Following the acquisition of VIC, we employ over 1,100 people around the world. Our people are an invaluable asset with c. 50% having given 10 years+ of service.

Career mapping, ongoing training and a performance development culture are all firmly embedded in the business, thereby preserving the complex knowledge and skills that underpin both our financial and commercial performances. This foundation gives us the ability to attract, retain and promote our leaders of the future from within *TR*, whilst identifying parallel cultures in acquisition targets.

04 Complete product range

The majority of the products we currently supply are customer specific or registered *TR* own brand designs. The rest of Group revenue derives from selling category 'C' commodity type products. Looking ahead, the 'one stop shop' trend developing within the industry is allowing us to increase our scope and become our customers' single 'preferred supplier' of choice for all fasteners and related components.

Adding value

The fastest and most cost effective strategy for growth is to sell more to existing customers. By combining this with successful targeting of new customers we are able to drive positive dynamics in our business. It is also through this strategy that existing customer value is not only preserved, but grown as the range of products we can offer is constantly increased.

05 Design & application engineering

With such a large proportion of sales being driven by customer specific assembly components (including unique product introductions within automotive, electronics/telecoms and domestic appliances), it is vital that *TR* is a 'Full Service Provider' to multinational OEMs. It is a fact that even the large automotive manufacturers tend not to employ in-house specialist fastener engineers. *TR*'s recruitment of experienced fastener engineers over the past two years is raising the Group's profile as a technical innovator and assembly problem solver.

Adding value

Our technically skilled engineers can deliver cost savings to the customer through specific component design or process applications. These savings are then credited against purchase spend thus reducing any price discounting demands and further enhancing our reputation of adding value.

06 High quality manufacturing and sourcing

TR is unique in its sector as it combines low cost, high quality/zero defect manufacturing with sophisticated supply chain distribution and logistics. Two-thirds of Group revenue is sourced from world class external suppliers which gives us a competitive edge. Our business teams are able to freely make decisions on whether to buy in or manufacture components, thus ensuring that our factories will only gain internal orders by means of price, quality or delivery market advantage against external competitors.

Adding value

Offering reliability of quality and supply 24/7, whilst being 'fleet of foot' is a key requirement for managing rapidly changing market trends and macroeconomic fluctuations. Our open market policy and consistently high quality standards ensure our retention of customer driven competitiveness and flexibility.

07 Multi-location low cost manufacturing

By the time Asia had established itself as a prolific low cost global manufacturing region, we were already in Singapore. Today, the Group through targeted investments also has a presence in Taiwan and Malaysia. Additional substantial manufacturing capability also came with our latest acquisition in VIC in Italy, whilst specific *TR* branded products continue to be manufactured in the UK at our head office site.

Adding value

'Just in Time' supply chains and advancements in robotic assembly have driven expectations and demand for zero defect components. By self-manufacturing we are better able to invest to meet these changing demands. Ongoing capital expenditure in new manufacturing and inspection plant within our Asian factories is almost routine, with significant investment currently underway at both our Taiwanese and Malaysian sites.

Technology & innovation

Providing design support and problem solving solutions to our customers is part of our core business. Our research and development teams' skills allow them to challenge the status quo and look at applications from a different perspective. As a result they have successfully developed a number of innovative designs which we have patented.

Pictured: screw and plastics transit fastener combination used in domestic appliances. Historically, four fastenings would have been used. This one piece, designed and developed in our Italian factory, is now adopted by most of the branded manufacturers, saving assembly time, cost and weight

Read about our **Strategy** on pages 7 and 8

Our ability to extend our global reach with our key customers

Having an international footprint is a key differentiator when multinational OEMs are pre-selecting ‘preferred suppliers’. The criteria of manufacturing, distribution capability and logistics support on a global scale is an attractive combination and a winning formula.

For example, it is common in the automotive industry for a platform build to be manufactured on three continents.

Our global approach meets leading multinational OEM criteria, aids fast start-ups and we have, as a result, secured contracts with significant global volumes.

Read about our **Strategy** on pages 7 and 8

The world of *Trifast* . . .

Trifast plc is known commercially as *TR* to its customers and suppliers in Europe, Asia and the Americas. We have a reputation as a market leading global manufacturer and distributor of industrial fastenings and category 'C' components to a wide range of industries and customers.

Trifast plc
Trifast House, Bellbrook Park,
Uckfield, East Sussex, TN22 1QW
Tel: +44(0)1825 747366

UK

TR Fastenings
Head Office — Uckfield
Belfast
Birmingham
East Kilbride
Manchester
Newton Aycliffe
Poole

Lancaster Fastener Co
Lancaster

EUROPE

TR Fastenings
Holland
Hungary
Ireland
Norway
Poland
Sweden

Viterie Italia Centrale ('VIC')
Italy

USA

TR Fastenings
Houston

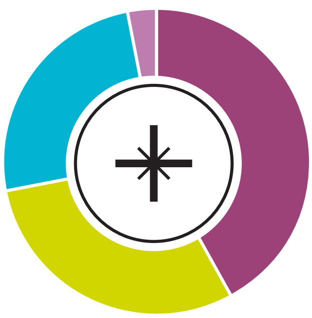
ASIA

TR Formac
China (Shanghai & Beijing)
India (Bangalore & Chennai)
Malaysia
Singapore
Thailand

Power Steel & Electro-Plating Works ('PSEP')
Malaysia

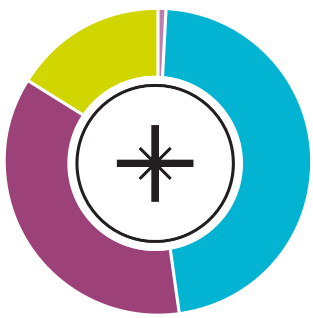
Special Fasteners Engineering Co ('SFE')
Taiwan

Revenue by location

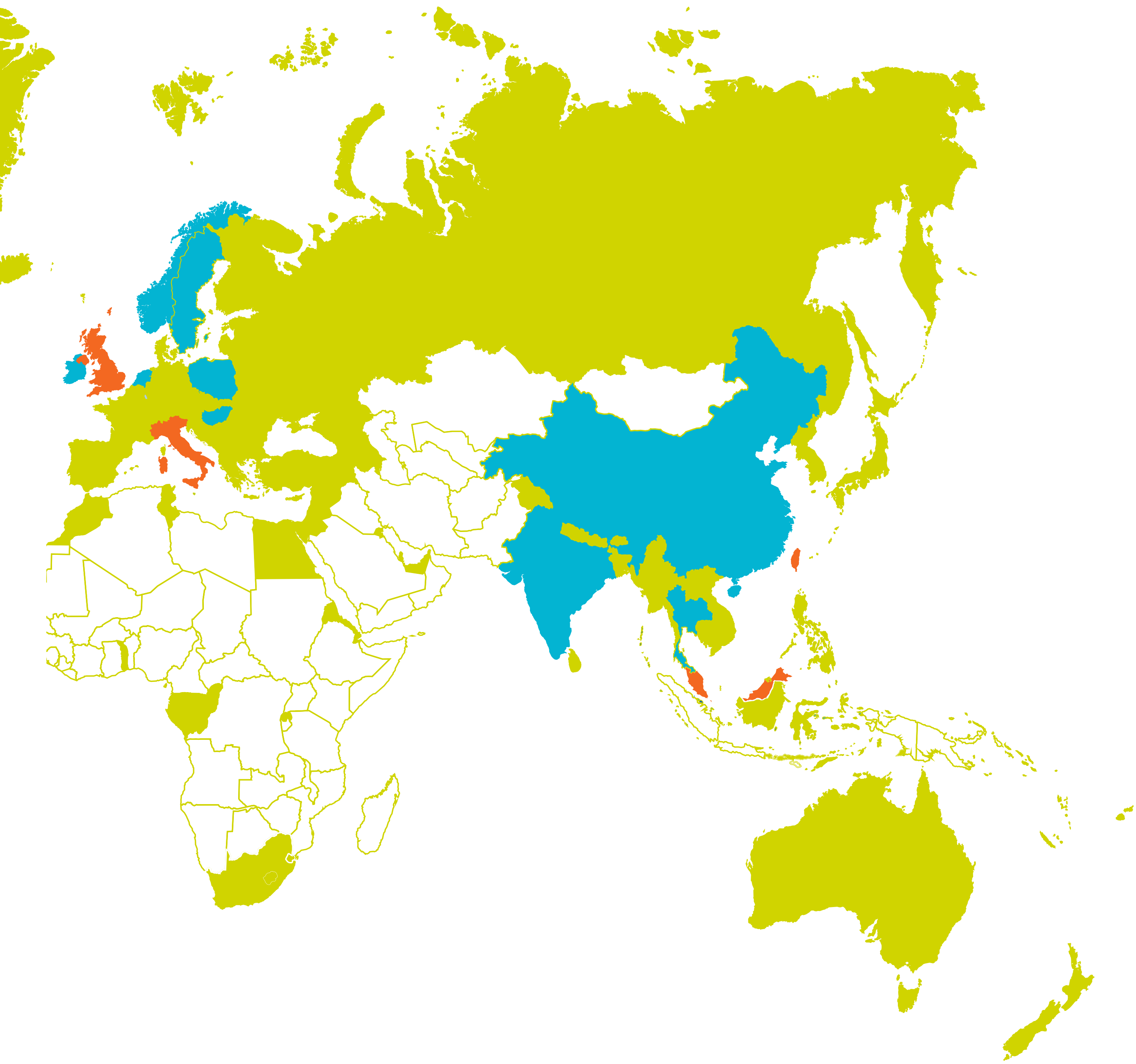


UK	42%
Europe	30%
Asia	25%
USA	3%

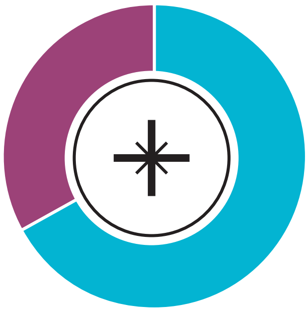
Employees by location



Asia	47%
UK	36%
Europe	16%
USA	1%

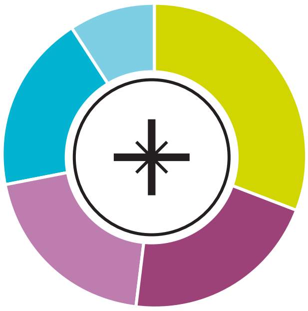


Manufacturing & distribution



Distribution	67%
Manufacturing	33%

Group sales by sector



Automotive	31%
Electronics	21%
Other	20%
Domestic appliances	19%
Distributors	9%

Read more about our **Business model** on pages 1 and 2

Read our **Chairman's Letter** on pages 24 and 25

View more content online at **www.trifast.com**

Strategy

World of Opportunity

A clear **strategy for growth**

Market research indicates that global demand for mechanical fasteners will continue to grow over the next five years

Our growth opportunity is firmly built around the enticing knowledge that *Trifast* has less than 1% of the global industrial fastener market. Our offering on an international scale is an attractive USP to many OEMs

Our strategy for growth could not be clearer

Strategic pillars

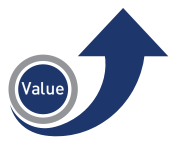
1

Investment driven growth

2

Core strategy – focus on multinational OEMs

3



Competitive = Value add

4

Acquisitions

5

It's all about our people and planning for the future

Rolling out a winning formula

Today, we are confident that as a result of the strong action over recent years from our restructured operational management teams, we have established a well-defined strategic business model and path that can be implemented on an ongoing roll out basis, virtually anywhere around the world where there is a strong demand for assembly fasteners and related high quality volume components.

The competitive pressures constantly endured by the automotive, electronics/telecoms and domestic appliances sectors force their suppliers to embrace continuous improvement in every element of their processes.

The combination of our peoples' technical skills, world-class manufacturing facilities and sophisticated service and logistics is well proven to be ideally placed for the ever increasing supply chain efficiencies being demanded by our high volume assembly customers.

As a business, we are totally committed to the 'can always do better' philosophy and culture. We consider we are 'ready to go' and can deliver what the market both needs and expects. *Trifast*'s head start was the far reaching process and management changes arising from the savage downturn suffered in 2007–2009. This was truly a case of a cloud developing a silver lining.

Strategic pillars

Our strategy explained

Investment driven growth

Our consistent ability to improve margins and generate cash allows us to plan ahead with confidence on future proofing our business resources. These include smarter management information systems (MIS), space efficient storage and materials handling equipment, lean logistics processes, modular packaging, manufacturing plant upgrades and refining our sales and marketing targeting as well as payback effectiveness. Our 'recovery phase' implemented in 2009 is completed and now three years behind us. Looking forward, we have the headroom to combine progressive profitability and growing dividend returns with a clear, well defined investment programme that will provide tangible continued momentum to our progress.

Core strategy — focus on multinational OEMs

Our core business is supplying high volume assembly multinational OEMs around the world with components. They demand consistent quality, price and availability in order to supply automotive assemblies, mobile phone base stations, computer enclosures, high cash dispensers and other equipment, in their often numerous sister plants spread globally.

Over 60% of Group sales come from multinational OEMs. We carry 'preferred supplier' status to over 40 such multinationals, several of which own more than 200 plants making comparable or identical finished products. Our average penetration into each network is at the moment around 25% of their sites, therefore developing this pipeline is the backbone of our overall growth strategy.

Competitive = Value add

Value is not just about price. What *TR* offers to the market is high quality products, reliable supply logistics and sound inventory management. We pride ourselves on our consistently high levels of service and our commitment to finding the solutions that our customers are looking for. This approach can see us stepping in to help with an urgent supply issue at short notice, or using our engineering know-how to generate production line efficiencies for our customers in the longer term. What *TR* is able to offer is a complete value add package at a price that benefits both our customers and our shareholders.

Acquisitions

Trifast has shown it is capable of delivering a firm trend of healthy organic growth. However, as we have clearly stated over the last five years, this is not enough to maximise the opportunities available to us in what is a fragmented market sector.

The acquisitions of PSEP (2011) and VIC (2014) exemplify what constitute ideal targets for the business, namely knowledge and skills, capable self-managing and ongoing management teams, niche market positioning, growing revenue and profitability and earnings enhancing. Our search continues for similar businesses which meet our criteria and support our growth plans and ambitions.

It's all about our people and planning for the future

Developing our people's talents will identify our leaders of the future. It is paramount that through training we retain and diversify skills as these underpin our reputation and competitive edge in what is an increasingly limited labour market globally.

All *TR* operations are managed on a day-to-day basis by country directors who represent the core foundation for our succession planning. Looking back over our 40+ years in the business, it is clear that our best and most successful succession planning has come from within. For this reason attention is paid to performance management, training and mentoring to ensure that our business growth, customer partnerships and all round continuity can be reliably sustained.

Read more about our **KPIs** on pages 17 and 18

Read about our **Business model** on pages 1 and 2

Read more on **Risk management** on pages 19 and 20

See **Case studies** on pages 3 and 4

Business review

Jim Barker
Chief Executive Officer

Mark Belton
Group Finance Director

Geoff Budd
TR Europe Managing Director

Glenda Roberts
Group Sales Director

> "The nuts and bolts of industry"

Business & market overview

Trifast designs, manufactures, sources and distributes a range of standard and specialist industrial fasteners together with category 'C' components. Around a third of our income derives from *TR*'s own manufacturing. The key end markets that our products are used in are: automotive, electronics/telecoms and domestic appliances. Our customers are a mix of multinational and national companies and distributors across the world.

Read more about the **World of Trifast** on pages 5 and 6

As a global full service provider, we have the ability to deliver direct to the supply line on a 'just in time' basis. Combining this with high quality volume manufacturing and distribution of assembly components, gives *TR* a competitive advantage that we believe stands us apart from our competitors.

Our culture is to 'work smarter' focusing on marketing our added value services such as providing high levels of customer service, global support and technical expertise across the business. This approach has been very successful in winning new customers and penetrating existing relationships. We have grown our 'preferred supplier' status amongst over 40 leading, well-established, multinational OEMs. This provides a pipeline of opportunity and momentum to deliver long term growth and margin enhancement.

Read our **Case studies** on pages 3 and 4

Our global industry

The industrial fastener market, both nationally and globally is extremely fragmented and is estimated to be worth around £50bn per annum and growing. Of this market, we believe, £25bn is representative of our target customer sector capability.

> "Solid underlying growth"
> "Best trading year ever"

Our performance

Our objective is to provide our customers with a high quality 'one stop solution' for their fastener assembly requirements. This encompasses providing design and application engineering support, high quality/low cost manufacturing and sourcing, supported by bespoke logistics to their plants anywhere around the world.

In FY 2015, our business delivered its strongest trading performance since it was formed over 40 years ago. This excellent result was achieved through a mix of strong, organic profitable growth combined with the additional income stream from VIC in Italy, which joined the Group on 30 May 2014. It is pleasing to report that VIC has not only integrated well into the Group

Read more about our **KPIs** on pages 17 and 18

but has broadened our design application capabilities, strengthened our presence within the domestic appliances sector and further enhanced our manufacturing capabilities within Europe.

Read more about the **World of Trifast** on pages 5 and 6

The delivery of our clear simple strategy laid down in 2010 to work, develop and grow with our customers across the world has been the main driver of our growth.

Group revenue since 2010 has increased by a Compound Annual Growth Rate ('CAGR') of 12.5%, showing continual, steady, profitable growth, from an underlying profit before tax of £0.92m in 2010 to £14.31m for this financial year. ROCE has steadily grown since 2010, rising to 18.6% for the year under review, an increase of 230bps on FY 2014. Underlying diluted earnings per share ('EPS') has also continued to rise since 2010. For FY 2015 it increased to 8.68p, a growth rate of 45.9% on FY 2014 (2014: 5.95p). Basic earnings per share improved by 21.5% to 7.39p (2014: 6.08p).

This achievement has been reflected in our Total Shareholder Return ('TSR') with *Trifast* outperforming the FTSE Small Cap and FTSE All-Share Industrial Engineering indices considerably over the 2009–2015 financial years.

See our **TSR graph** on page 44

Dividend policy

Given the Board's confidence in its growth strategy, the Directors are proposing, subject to shareholder approval, a final dividend of 1.50p per share.

This, together with the interim dividend of 0.60p (paid on 17 April 2015), brings the total for the year to 2.10p, an increase of 50% on the prior year (2014: 1.40p). The dividend of 2.10p is covered c.4x by underlying earnings. The final dividend will be paid on 16 October 2015 to shareholders on the register at the close of business on 18 September 2015. The ordinary shares will become ex-dividend on 17 September 2015.

Our return to sustainable growth over this period has been impressive, however, we are also mindful that our dividend payments historically have been relatively cautious.

Returning to the dividend list in 2012 was an important milestone for Trifast and we have been able to reward shareholders with a progressive level of dividend per share since then. We now consider it appropriate to augment this by introducing a formal dividend policy. For the medium term, we believe an appropriate level of cover will be in the range of 3x to 4x. As ever, the actual level of dividend each year will take into account the working capital requirements and planned investment in the business to enable us to deliver our stated growth aspirations.

"Underlying operating profit increased by £5.57m to £15.27m (2014: £9.70m), an increase of 57.5%"

Financial results

Revenue and margin analysis by territory:

Read more about the **World of Trifast** on pages 5 and 6

Continuing operations	Revenue (AER) Year ended 31 March 2015 £m	Underlying operating profit margin %	Revenue (AER) Year ended 31 March 2014 £m	Underlying operating profit margin %
Revenue				
UK	**65.46**	**8.9**	63.24	8.6
Asia	**38.65**	**14.8**	38.36	13.7
Europe (exc. VIC)	**26.75**	**7.6**	25.36	6.8
USA	**4.31**	**7.6**	2.82	8.9
Organic	**135.17**	**8.0**	129.78	7.5
VIC acquisition	**19.57**	**22.6**	—	—
Total	**154.74**	**9.9**	129.78	7.5
Total underlying profit before tax	**14.31**		9.16	

Revenue

The Group's total revenue for the year ended 31 March 2015 increased by 19.2% to £154.74m (2014: £129.78m), with growth at Constant Exchange Rate ('CER') of 22.6%.

Organically during the year the Group grew steadily culminating (as reported in April) in a very strong Q4, particularly within our UK and Asian regions. Revenue growth at CER was impressive at 7.6% and at Actual Exchange Rates ('AER') was a creditable 4.2% uplift to £135.17m (2014: £129.78m). Currency headwinds played their part, with Europe impacted the most, particularly in the second half, as the Euro continued its sharp decline. Our Asian businesses, whose currencies are loosely linked to the US dollar also suffered, however, the strengthening of the US dollar in the latter part of the year lessened this impact.

Margin improvements

The improvement in revenue dropped directly through to the margin, with gross profit increasing by 130 bps to 29.0% (2014: 27.7%). During the year procurement prices remained fairly stable, however, we are mindful that an ongoing weakness in the Euro against the US dollar could affect the Group's purchasing costs from Asia, particularly within the European region.

Distribution and administration costs ('D&A'), pre-separately disclosed items, increased by 12.7%. This is due to the acquisition of VIC and the investment in new staff and capabilities to reinforce our sales and marketing initiatives. Although Group headcount has gone up to 1,165 at 31 March 2015 (2014: 1,047), overall these D&A costs have reduced as a percentage of revenue from 20.5% in the comparable year to 19.4% in the year under review.

In addition to the currency impact on translating our overseas results, the Group also incurred a foreign exchange transactional cost of £0.56m (excluding the separately disclosed gain on the deferred consideration), as a direct result of the weakening Euro on the Group's monetary assets. This represented a negative swing of £0.95m on the previous year.

Operating profit

Underlying operating profit increased by £5.57m to £15.27m (2014: 9.70m), an increase of 57.5%, of which £4.43m was in relation to the VIC acquisition. Organically, the business grew underlying operating profit by 11.8% at AER or 16.4% at CER and the Group's underlying operating margin increased by 240bps to 9.9% (2014: 7.5%).

Business review (continued)

Financing

Net financing costs increased in the year from £0.53m to £0.97m, of which £0.43m was in relation to the acquisition of VIC. Interest cover, being defined as underlying EBITDA to net interest, was 17x (2014: 20x).

Profit before tax

Profit before tax from continuing operations was £11.85m (2014: £8.87m). Underlying profit before tax, amortisation, acquisition costs and other separately disclosed items was £14.31m, an increase at AER of 56.2% from 2014.

Taxation

Tax in the year was £3.46m (2014: £2.28m), which equates to an Effective Tax Rate ('ETR') of 29.2% (2014: 25.6%) and an underlying ETR of 27.9% (2014: 25.6%). The increase in this rate primarily reflects the acquisition of VIC, whose ETR was c.34%.

Separately disclosed items

The breakdown of separately disclosed items is show below:

	2015 £000	2014 £000
IFRS2 share based payment charge	**(741)**	(67)
Intangible amortisation	**(551)**	(221)
Net acquisition costs	**(750)**	—
Costs on exercise of executive share options	**(511)**	—
Release of closure provision for *TR* Formac (Suzhou) Co. Ltd	**94**	—
Total	**(2,459)**	(288)

Read more on **Note 2** on page 64

Read more on **Note 9** on page 68

"All regions show growth and are investing in the future"

Regional trading performance

UK

42% of Group revenue

The UK business, the largest region within the *Trifast* portfolio saw revenue up 3.5% to £65.46m (2014: £63.24m) in the year, driven substantially from the automotive sector as new projects that were under development with customers in previous years came into production. This momentum looks set to continue. The electronics/telecoms sector also performed well benefitting from an increase in demand from businesses supporting 4G technology.

Operating profit improved by 6.8% to £5.83m (2014: £5.46m) whilst the operating margin increased 30 bps to 8.9% (2014: 8.6%). In addition to top line growth dropping down into the margin, further operating efficiencies have been achieved through:

- **the management structure** — the UK is now managed under one management team, this ensures 'best practice' is delivered across the region
- **better procurement** — the new commercial team structure, put in place to focus on resourcing initiatives, has been successful in identifying additional commercial purchasing opportunities
- **more efficient logistics** — we have invested in two automated storage systems at our Uckfield site. These have had the added benefit of more than halving the pick times in the warehouse and therefore improving productivity. More units are intended to be rolled out in the UK in the short to medium term

During the new financial year, additional investment in our people and equipment will be made to further enhance productivity and personal development. We strongly support the view that continual improvement initiatives should lead to future margin enhancements for the business in the future.

"Our culture is to 'work smarter' focusing on marketing our added value services across the business"

Read **our Chairman's Letter** on pages 24 and 25

Automated storage system

"Being local but operating globally underpins our competitive advantage"

Asia

25% of Group revenue
Our Singapore and Taiwan businesses delivered the largest growth in the region.

The Singaporean manufacturing plant, which specialises in high quality, small diameter fasteners has seen strong growth from its customers within the domestic appliances and electronics/telecoms sectors. Our new territories of Thailand and India are overseen by the experienced Singapore management team. Trading within these areas has been in line with expectations and we are continuing to identify potential opportunities for further growth at these sites.

In Taiwan, following the surge in growth experienced over the last few years, our local manufacturing site is close to achieving full capacity. In January 2015, the *Trifast* Board approved a capital investment project to extend an existing building on site and purchase new plant. This investment is expected to become operational in Q3 of this financial year and will increase capacity by a further 15%.

China has done well to recover from the setback we reported upon a couple of years ago, when one of its largest customers went into Chapter 11, resulting in a loss of business. Our business refocused its efforts and has subsequently been able to develop relationships with existing and new customers which is giving us a more evenly spread sector base. Going forward, we have already secured a strong automotive 'pipeline in waiting' whilst also preparing ourselves for new 5G technology, which is on the horizon.

In Malaysia, our operations experienced a slight softening in their key markets during the year under review. However, in the short to medium term, we see this trend reversing as the development work that PSEP has put in with some major automotive OEMs bears fruit. As part of our quest to further drive operational efficiencies and share 'best practice' initiatives, we have pooled the skills and technical know-how of our two Malaysian management teams to create a more effective self-managing group able to take the business forward over the next few years. They will benefit from working as one team enabling them to share ideas and work together more effectively.

In addition, at PSEP, as part of our capital investment programme last year and covered in our review in 2014, we anticipate taking delivery of a state-of-the-art large diameter cold forging machine

weighing 42 tonnes and costing £1m, with the intention of it becoming operational during the latter part of this new financial year. This multi-stage former is being manufactured in Japan and will provide a quantum leap in our production capability, in particular with regard to the complexity and accuracy of customised components.

Asia's revenue was up 4.9% in CER terms although on AER it increased to £38.65m (2014: £38.36m), up 0.8%. Overall, the operating margin in Asia improved 110bps to 14.8% (2014: 13.7%) and the region delivered an operating profit of £5.73m, an increase of 13.1% at CER and 8.7% at AER over last year. This increase clearly demonstrates the operating leverage that our manufacturing sites enjoy.

Europe

30% of Group revenue
Overall, Europe produced revenue of £46.32m and an operating profit of £6.46m at a margin of 13.9%.

Organic
Europe's organic revenue grew 5.5% in the year to £26.75m (2014: £25.36m) and at CER saw excellent growth of 16.3%.

This top line growth has dropped directly down to the bottom line increasing operating margin to 7.6%, up 80 bps (2014: 6.8%). Operating profit increased 17.7% to £2.03m at AER (2014: £1.73m) and 29.7% at CER demonstrating the large impact that the weakening of the Euro has had on our results for FY 2015.

During the year, Hungary continued its strong growth, further increasing our presence in the electronics/telecoms sectors. Holland witnessed its prior years' momentum continue with a number of new automotive projects, where production has commenced. These are providing a platform for this encouraging trend to continue.

Our performance in the Nordic countries, particularly Norway, despite all our efforts has been affected by the challenging economic conditions in the oil and gas industry.

VIC
The acquisition of VIC was completed on 30 May 2014. It is pleasing to report that its results have exceeded our expectations producing revenue of £19.57m and an operating profit of £4.43m, representing a very respectable 22.6% operating profit margin.

This strong performance has triggered the maximum adjusted post-tax profit earn out of €5.00m, detailed in the Acquisition Agreement in May 2014. These monies (less the agreed indemnity claims) will be paid from the Group's cash resources during the first half of the current financial year.

USA

3% of Group revenue
Our US business grew 53.0% at AER, producing revenue of £4.31m (2014: £2.82m) with an operating profit of £0.33m (2014: £0.25m). This growth, although from a small starting position, reflects our stated Group strategy to grow our presence within the multinational OEM arena in the automotive sector. As we carry 'preferred supplier' status with a number of multinational OEMs, we have been able to respond quickly to their demands to supply locally as the European automotive platforms gradually transfer to the US.

SFE Taiwan

Business review (continued)

Balance sheet & cash flow

As at 31 March 2015, the Group's shareholder equity amounted to £71.68m, an increase of £10.01m on 31 March 2014. Of this, £7.70m came from retained earnings less dividends paid in the year and £2.86m from the issue of new shares, being a mixture of options exercised and shares issued with respect to the acquisition of VIC.

Property, plant and equipment increased by £3.80m and intangibles by £15.20m predominantly as a result of the acquisition of VIC. The intangible assets purchased on the acquisition were made up of goodwill of £9.26m and customer related and technology based intangibles of £8.11m, which will be amortised over a weighted average life of 13.11 years.

Inventories, receivables and payables have largely all increased due to the VIC acquisition. Net inventory weeks have remained relatively stable at 19.4 weeks (2014: 19.1 weeks).

Net debtor days have increased from 65 days in FY 2014 to 72 days (H1 2014: 71 days) reflecting both the general increase in business, particularly in the final quarter, and VIC's receivables, which historically have a longer collection cycle. Although VIC has the ability to factor receivables 'without recourse', we are consciously not currently using this facility to full effect. Elsewhere, cash collection remains effective with minimal bad debts during the year under review. The increase in payables includes the contingent consideration relating to VIC of £3.62m which is payable at the end of June 2015.

Capital expenditure rose in the year to £1.41m (2014: £0.84m) and we would expect to see higher levels of investment in the current financial year.

Cash generated from operations (before separately identified items) was £8.27m (2014: £11.83m) giving a cash conversion rate of 50.2%. Although this was below the prior year's rate of 109.5%, it was considerably up on H1 2015 (4.7%), where cash was being used in operations to both supplement growth and absorb the reduced factoring in VIC.

Banking facilities & covenants

Group net cash balances as at 31 March 2015 were £15.01m (2014: net cash of £15.50m).

Outside of acquisition loans, the Group has combined banking facilities within the UK of £27.18m, made up of a £17.18m Asset Based Lending ('ABL') facility of which £8.61m was utilised as at 31 March 2015 and a £10.00m Revolving Credit Facility ('RCF'), which to date still remains unutilised.

In May 2014, the Company drew down in full a €25.00m five year loan, which was used to fund the acquisition of VIC. Interest on this is at EURIBOR plus a margin (initially 2.40%) and is ratcheted from six months after drawdown based on the ratio of the Group's net debt to underlying EBITDA. By Q4 this led to a reduced interest rate margin of 1.65%. The additional loan resulted in gross debt increasing to £28.43m as at 31 March 2015 (2014: £13.47m), whilst net debt also increased to £13.42m (2014: net cash £2.03m) and gearing was 18.7% as at 31 March 2015.

Read **Note 26**
on pages 81 to 85

	Year ended 31 March 2015	2014
Underlying EBITDA*	**£16.49m**	£10.80m
Underlying working capital changes*	**(£8.22m)**	£1.03m
Underlying operating cash flows*	**£8.27m**	£11.83m
*Cash conversion**	***50.2%***	*109.5%*
Cash paid out on separately disclosed items	**(£1.50m)**	–
Cash generated from operations	**£6.77m**	£11.83m
Net capital expenditure	**(£1.39m)**	(£0.83m)
Taxation paid	**(£4.64m)**	(£1.81m)
Net interest	**(£0.97m)**	(£0.53m)
Adjusted free cash flow	**(£0.23m)**	£8.66m
Acquisition consideration (net of cash acquired)	**(£16.24m)**	–
Proceeds from shares issued (net of VIC issue)	**£0.49m**	£0.08m
Dividends paid	**(£1.57m)**	(£0.87m)
Net change in net debt	**(£17.55m)**	£7.87m
Net cash/(debt) as at 1 April	**£2.03m**	(£5.20m)
Effect of exchange rate on net cash/(debt)	**£2.10m**	(£0.64m)
Net (debt)/cash as 31 March	**(£13.42m)**	£2.03m

* Before separately disclosed items, see note 2

Group outlook

The impressive results in 2015 are stronger than originally expected. They reflect the operational improvements implemented by management over recent years which are now delivering growth in both revenue and profitability, together with the upturn in confidence as we progressed through the year.

There are some macroeconomic influences that we cannot control which may affect future results. This being said, as a business we remain confident in our ability to deliver our strategy and are excited about the future.

At this early stage of the year, the forward order book remains solid and the Group's trading performance has been good as it continues to benefit from the positive momentum witnessed in the second half of last year. There continues to be many opportunities, both across our key sectors and with new and existing customer partnerships, and we believe that the Group will go from strength to strength. We remain encouraged by the future growth profile of the business and our commercial progress looks set to continue positively during 2015/16.

Corporate social responsibility

All of the Group's dealings with customers, suppliers, employees and all other stakeholders are undertaken with high standards of ethical conduct and in full compliance with all applicable national and international laws. The Group has policies in place that cover our '*Code of Business Ethics and Responsible Behaviour*' providing a guide to the way we achieve our business goals. This extends to provisions for 'whistle blowing', whereby employees may report suspected wrongdoings in confidence, and also a policy for anti-bribery. *TR's* '*Quality and Sustainability Agreement*' fully covers business ethics, Health and Safety and environmental management in respect of our suppliers.

Environment

The impact that our operations have on the environment is of great importance to *Trifast* with the main aim of the Group's Environmental Policy being to comply with all relevant legislation in all areas in which we operate.

This includes compliance with the '*Registration, Evaluation and Authorisation of Chemicals*' (REACh) legislation and the '*Restriction of Hazardous Substances*' (RoHS) legislation for which we have our own in-house testing facility.

The Group has become a member of the EcoVadis sustainable supply management system which will allow improvement in environmental and social practices through adoption of best practice recommendations from the system. We have also adopted the electronics industry code of conduct format for conflict minerals reporting.

TR hold ISO14001 (Environmental Management Systems) accreditation with the BSI and we work on a continuous improvement programme of objectives and targets, monitoring our impact on the environment and reducing our waste production and CO_2 emissions.

We measure our organisational carbon footprint for all our offices, warehouses and manufacturing facilities and our carbon footprint accounts for all six Kyoto green house gas emissions. The green house gas emissions data is compiled by personnel trained in carbon footprinting by the Carbon Trust.

Carbon footprint

Date period for reporting	1 April 2014 – 31 March 2015	1 April 2013 – 31 March 2014
Total scope 1 Emission	2,297 tonnes of CO_2e	982 tonnes of CO_2e
Total scope 2 Emission	5,066 tonnes of CO_2e	4,360 tonnes of CO_2e
Total GHG Emission for *Trifast* plc	7,363 tonnes of CO_2e	5,342 tonnes of CO_2e

* 2,259 tonnes has now been included within the *Trifast* carbon footprint due to our acquisition of VIC

Figures are reported in tonnes of CO_2e (Carbon Dioxide equivalent)

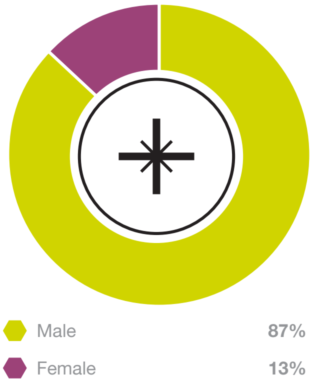
Reports are calculated in the following ways:

- tonnes of CO_2e
- tonnes of CO_2e per Full Time Equivalent ('FTE') employee
- tonnes of CO_2e per Square Metres ('SQM') of floor space occupied by the Company

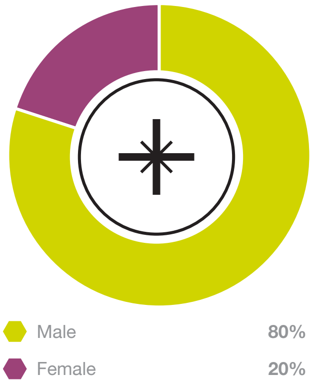
"The impact that our operations have on the environment is of great importance to *Trifast*"

Corporate social responsibility (continued)

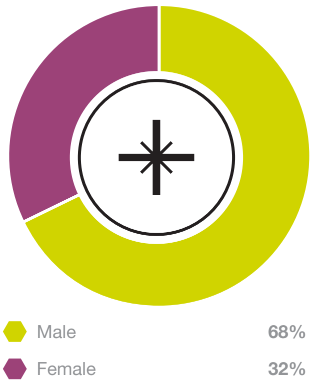
Trifast plc Board



Executive and Senior Management



All other employees



Quality

TR's business processes are certified to ISO9001 and based on the quality policy:

- **Buy** quality from approved suppliers
- **Make** quality within our factories
- **Administrate** quality in our certified processes
- **Sell** quality to our customers

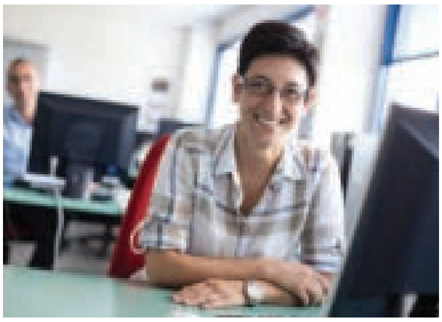
This ensures that:

- all employees have the skills required to meet our customer requirements
- our suppliers have the capability to meet the customers' needs
- that our objectives and targets continuously improve the business

The Policy is communicated to all employees via the Business Management System (BMS)

Health and Safety

Trifast is committed to ensuring the health, safety and welfare of all employees and sub-contract activities. The Group assesses the risks to the Health and Safety of employees and others who may be affected and identifies and acts upon the measures needed to comply with relevant legislation.



The Group has recently launched non-conformance and risk assessment action tracking systems providing a focused approach to Health and Safety whilst at the same time increasing Health and Safety communication throughout the business.

Health and Safety responsibilities within the Group are made clear and instruction, training and supervision in safe working practices is provided to ensure that compliance with the Health and Safety Policy is maintained.

Equal opportunities

Trifast is an equal opportunities employer and is committed to ensuring that the framework of the law within all of our workplaces is complied with and that they are free from unlawful or unfair discrimination under any of the protected characteristics:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- gender
- sexual orientation

We aim to ensure that our employees achieve their full potential and that all employment decisions are taken without reference to irrelevant or discriminatory criteria.

"

> We aim to ensure that our employees achieve their full potential"

Read more about our **Our people** on pages 102 and 103

Employees

The Group owes its success to the greatest asset it has, its people. We aim to recruit and, most importantly, retain the best people. We do this through robust recruitment practices and once an employee is in post, they have access to a structured performance management system and a comprehensive training and development programme that operates at all levels within the business, from new apprentices to future leaders of the Group. The performance management system is based around the key performance indicators of the Group and individual objectives are set in line with the overall objectives of the Group.

Communication with our employees is very important. Each year, senior team members visit the business locations to speak to all employees about the progress and innovations within the Group as well as the performance of the Group as a whole, making it clear how the individuals have contributed to those results.

Succession planning is a key activity and we continue to provide relevant training programmes at all levels within the business, where possible bringing employees from different locations to be trained together. This brings the added benefit of improved communication throughout the Group.

“The Group owes its success to the greatest asset it has, its people. We aim to recruit and, most importantly, retain the best people”

“Communicating with our employees is very important”

Business and the community

Trifast supports the needs of our local communities and all of our businesses from around the Group participate in community initiatives. Charitable donations are made through participation of our employees in various projects and programmes. Examples of these are detailed below:

TR Southern Fasteners supports Cork University Hospital Charity in mini marathon (September 2014)

PSEP Malaysia supporting flood victims (January 2015)

Key performance indicators ('KPI')

The Board and the Operational Management teams regularly monitor and develop a range of financial and non-financial performance indicators to allow them to measure performance against expected targets. These can be analysed under various categories. The following represents a selection of these indicators.

Key performance indicator		
Financial KPIs	**Link to strategy**	**Relevance and performance**
Group total revenue		Our clear strategy for growth makes turnover an important barometer of the Group's success. Turnover has grown significantly over the last five years, increasing by 80% to £154.4m (2010: £85.4m), equating to 12.5% p.a.
Operating margin enhancement		Growth is about more than just the top line. Controlling our cost base is a key part of our investment plans. Reflecting our success in this area, operating margin has increased by 10.78% from a negative position of (2.5%) in 2010 to 8.28% in 2015. Margin growth since 2011 has been 23.4% p.a.
Group underlying profit before tax		Underlying profit before tax best measures the underlying performance of the business. Our underlying profits have grown by over 1,400% (or 73.9% p.a.) since 2010
Cash generation from underlying EBITDA		Our quality of earnings is reflected in our ability to consistently turn underlying EBITDA to cash. We have successfully generated positive cash flows from underlying EBITDA every year since 2012
Return on Capital Employed ('ROCE')		ROCE measures the return that we are able to provide to both our equity and debt investors. Maintaining this continues to be a key focus of the Group. Since 2010 our ROCE has grown by 50.6% p.a. to 18.6% (2010: 2.4%)
Underlying diluted earnings per share ('EPS')		EPS is a key target for the Group and our clear strategy for growth is focused on increasing this ratio year on year. Over the last five years, underlying EPS has increased by 8.61p to 8.68p (2010: 0.07p)

Key performance indicator		
Non-financial KPIs	**Link to strategy**	**Relevance and performance**
Multinational OEM penetration		Over 60% of the Group's revenue is derived from over 40 multinational OEMs despite operating at a less than 25% site penetration. Working to increase this penetration is a key part of our clear strategy for growth
Broaden skills of management		Over the last five years we have developed and implemented a new training matrix. This has been designed to develop both our people already in leadership roles and also those individuals identified as being our leaders of tomorrow

"In 2015, our business delivered its strongest performance since it was formed over 40 years ago"

Historic performance	Position on target?	Targets
2015 £154.74m 2014 £129.77m 2013 £121.54m	✔	To continue to grow Group revenue
2015 8.28% 2014 7.25% 2013 5.9%	✔	To continue to grow operating margin
2015 £14.31m 2014 £9.16m 2013 £7.25m	✔	To continue to grow Group underlying profit before tax
2015 £8.27m 2014 £11.83m 2013 £8.51m	✔	To continue to generate cash from underlying EBITDA
2015 18.6% 2014 16.3% 2013 12.1%	✔	To maintain Return on Capital Employed (ROCE)
2015 8.68p 2014 5.95p 2013 4.73p	✔	To continue to grow underlying diluted earnings per share

Historic performance	Position on target?	Targets
Multinational OEM penetration 2015: an average 25% penetration rate across our 40+ multinational OEM customers	✔	To increase our penetration in our multinational OEM customers
2015 38% 2014 6% 2013 nil	✔	Looking ahead, 2016 is about both hitting a 75% completion rate and developing stage two of the training matrix

How the business manages risk

In common with all businesses the Group faces risks which may affect its performance. The Board recognises that the management of risk is required to enable the business to meet its objective to create 'stakeholder value'.

Risk management

Risk	Link to strategy	Description and potential impact
Personnel		Without appropriate investment in our people and succession planning across all levels of the business from the Board down, we may not be able to deliver our future plans and long term success
Quality and manufacturing		We recognise that the quality of our manufactured and externally sourced products is of critical importance. Any major failure will affect customer confidence and may lead to immediate financial penalties
Foreign exchange volatility		A significant portion of the Group's revenue and profit is generated outside of the UK. Due to translation risk, the Group results could be adversely impacted by an increase in the value of sterling relative to foreign currencies. In addition, a transactional risk exists as the Group sources certain products from the Far East for sale across Europe
Macroeconomics		Traditionally distribution/manufacturing sectors bear the effect of inventory reduction in challenging economic periods earlier than other industries
Inventories obsolescence		The Group holds substantial inventory balances across the world. As the business grows these levels will increase to meet both transactional needs and the requirements of our multinational OEM customers. Higher stock levels lead to an increased exposure to obsolete inventory
Customer failure and debtor exposure		Increased trading levels lead to higher debtor balances, raising our exposure to customer failure and bad debt write downs
Interruption of supply		The Group sources products both internally and externally for customers around the world. If we were unable to supply a customer in line with their ongoing manufacturing requirements the risk both to our reputation and in terms of potential stoppage penalties would be substantial
Cyber security		Unauthorised access to, or a breach of, our systems, networks or premises, could immediately and materially affect our reputation with possible implications for revenue and growth over the short to medium term. Such a breach may also cause financial loss

Mitigation	Has the risk materialised?	Trend
Our succession planning processes identify key employees and are designed to broaden our specialist knowledge and skills base. Succession planning at Board level is discussed in more detail in the Nominations Committee Report on page 37 We invest heavily in our people via ongoing training and our Group wide Performance Development Programme. Rewards are reviewed annually to ensure they remain at levels that are competitive within the market place	The Group enjoys extremely high retention levels with over 50% of staff having been in the Group for more than 10 years. All key succession risks have been appropriately managed	↓
Our established global quality team maintains our Group wide quality compliance protocols. Quality inspection processes across our manufacturing and distribution sites are robust, allowing us to offer zero-defect supplies to customers where required	The Group has not experienced any substantial quality issues	→
Transactional hedging is achieved via the commercial matching of transactions wherever possible. Non-functional currency balance sheet items are minimised and net investment hedging is used for any significant acquisition finance	Foreign exchange volatility has been much higher over the year in two of the Group's key currencies, € and US$ Information in respect of the Group's policies on financial risk management objectives including policies to manage credit and liquidity risk is given in note 26	↑
By operating globally and across a number of sectors, the Group is better able to manage the risk of regional or industry contractions. As customers move, or expand, we have the capability to move with them, whilst our first class customer service works to protect us from rapid supplier changeover. We hold less than 1% of a £25bn target market meaning growth via market share remains credible even in a falling market	The global economy remains in a period of growth	↓
Stock management processes are a key part of the Group's internal controls and stock days are a KPI, monitored locally and at Board level. We continue to invest in stock management processes and systems to ensure we keep optimum levels across the world. Our multi-locational set up, allows us to reduce lead times and therefore stock holding as far as possible	Customers' requirements and our product mix are ever evolving. Our tight stock management and engineering know-how allow us to view these changes as an opportunity to develop and sell new lines, rather than as a risk to the business	→
We maintain strong credit control procedures from new customer set up, through to regular monitoring as trade develops. Our multinational OEM focus means we build head office relationships, improving our supplier power and helping us to manage credit relationships with our larger customers. We also have global catastrophe credit insurance cover	The Group has not in recent years experienced any substantial credit issues	↓
We hold appropriate stock levels to service our customers' needs at all times. Our pan-global presence means we are able to operate along multiple transport routes, shielding us from localised issues. For all key products we maintain multiple sources to ensure adequacy of supply	In recent times, political and climatic instability have increased in a number of areas within the world. Where we have encountered issues, our established and flexible logistics have allowed us to continue to offer timely and reliable supply to our customers	↑
We have undertaken a review of our cyber security controls worldwide. Additional investment has been made where required to manage our risk. Our IT policies are managed by a dedicated in-house team and access to systems is strictly limited to appropriate personnel	The Group has not to date experienced any significant cyber security threats	↑

The global marketplace

Global fastener market is estimated at:

£50bn

Global market share

<1%

The number of 'Key Components' supplied by *Trifast* a day is

150m

- The Group majors on the design, manufacture and distribution of mechanical fasteners on a global basis to both distributors and OEM assemblers
- This competitive combination has fuelled sales and geographic expansion over the past two decades
- Today, *TR* has 5,000 customers and has attained 'preferred supplier' status with over 40 multinational OEM customers

Our people

“It is our people working together to support each other’s development, combined with their understanding of their part in our strategy, that underpins the Group’s positive momentum and impressive trading results”

Read more within **Inside Trifast** on pages 102 and 103

“The lifeblood of the business”

Our people

The Group employs over 1,100 motivated and talented people. Every colleague around the world is a valued member of the *TR* family who on a daily basis work together to deliver a high quality service for all of our customers.

It is our people working together to support each other’s development, combined with their understanding of their part in our strategy, that underpins the Group’s positive momentum and impressive trading results.

On behalf of the Main Board and all stakeholders, we take this opportunity to welcome new colleagues into the business who joined us during the year under review. We thank them and also every one of our people (some of whom have been with us for many years), who, through their hard work and commitment, are continuously helping us to deliver on our strategy.

- **VIC, Europe**
  We are delighted to welcome Carlo Perini and his team to the *TR* family. They have been known to us for many years. Our strategy is very much aligned to their’s and in its first year VIC has proved to be a very successful, self-managing and profitable addition to the Group.
- **Asia**
  With effect from 1 April 2015, we made two senior promotions. Charlie Foo took up the role of Chief Operating Officer, responsible for managing all *TR* Asia operations and reporting directly to Thomas Tan, MD *TR* Asia. Charlie has been with the Group since the acquisition of PSEP in 2011 and has a vast experience of the fasteners industry which is invaluable as the team focus on delivering further growth in the region. At PSEP, Theodore Wong has been promoted to General Manager, taking over from Charlie. Theodore has over 25 years’ automotive experience and is actively involved in the industry, specifically in the Vendors Association of both Proton and Perodua in Malaysia.
- **Group**
  Over the year, we have restructured the central sales, purchasing and quality teams to better support the regional operations and the commercial opportunities that we have identified around the world.

  At the start of 2015 we also welcomed Clare Foster to the Group as she took up the role of Group Financial Controller & Company Secretary. Clare’s expertise, gained over her 17 year career in finance and audit, will be invaluable to the global *TR* business teams.

VIC

Charlie Foo

Theodore Wong

Clare Foster

The Strategic Report was approved by the Board of Directors on 15 June 2015 and signed on its behalf by:

Malcolm Diamond MBE
Executive Chairman
Trifast House, Bellbrook Park,
Uckfield, East Sussex,
TN22 1QW
Company registered number: 1919797

Introduction to our Annual Report
Welcome to Trifast plc

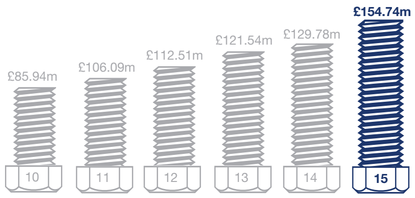
Through our global operations across three continents and 16 international locations, *TR* employs over 1,100 highly skilled and experienced people. We specialise in distributing and manufacturing standard and specialist industrial fasteners. Our competitive advantage is our strength and depth in customer service, product offering and resource and technical engineering application know-how. This is all backed up by 24/7 global logistics and high quality, low cost manufacturing. At *TR* we have the right people and the right business model to truly stand out from the competition"

Malcolm Diamond MBE Executive Chairman

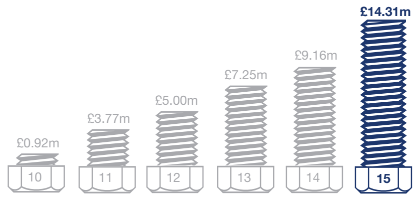
2010–2015: recovery to sustainable growth

We are delighted to be able to report a record performance for the financial year under review. This is reflected in an impressive increase in terms of revenue, up 19%, and profit before tax, up 56%. Our market share continues to build, reinforcing our position as one of the leading full service providers of industrial fasteners.

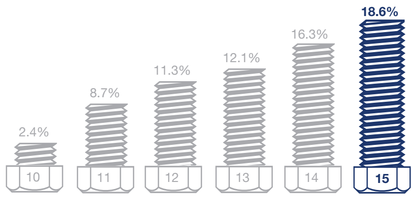
Revenue
£154.74m



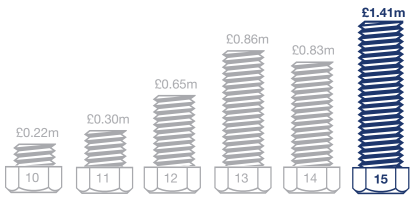
Underlying PBT
£14.31m



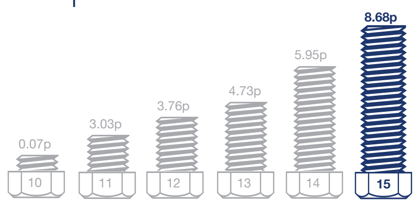
ROCE
18.6%



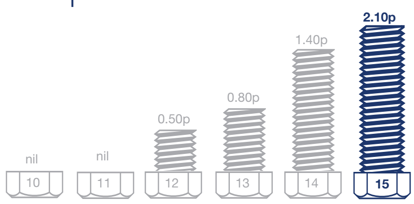
Capital expenditure
£1.41m



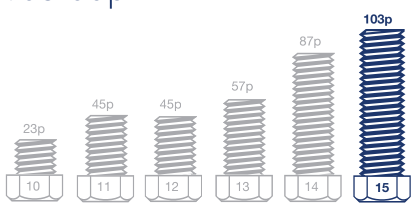
Underlying diluted EPS
8.68p



Dividend per share
2.10p



Share price at 31 March*
103.00p

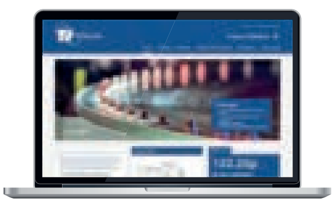


* Share price on 15 June 2015 126.75p

Read cover booklet containing our Strategic Report

We maintain a corporate website at **www.trifast.com** containing a wide range of information of interest to institutional and private investors including:

- Latest news and press releases
- Annual reports and media centre



Look out for these icons

Read more content within the report

View more content online at **www.trfastenings.com**

View more content online at **www.trifast.com**

This symbol throughout this report is based on Pozidriv® owned by *TR*, is a drive mechanism renowned worldwide as an industry standard as well as being widely recognised within both the trade and DIY retail markets

Executive Chairman's letter

Malcolm Diamond MBE
Executive Chairman

"

As always, I enthusiastically acknowledge and thank our shareholders for their support. As indeed I also do to our staff, customers, suppliers and all our stakeholders for playing your part in making our growth organisation the success it is"

Dear shareholder

I am delighted to confirm another year of outstanding performance which firmly consolidates our transition from what was once considered a recovery situation to one of delivering consistent improvement and growth. This presents shareholders with the double attraction of good potential capital growth linked to a progressive dividend policy that is now delivering a tangible positive track record.

The core dynamics of our Group are founded on:

- a proven business strategy that allows for a long term roll out on a truly global basis
- highly motivated, loyal and skilled business teams that drive our objectives in the 16 countries in which we operate
- relevant and challenging KPI's that continually 'raise the bar'

Our foundation business model focuses on providing multinational OEMs with a high quality 'one stop shop' component supply resource whether their site assembly operations are in Europe, Asia or the USA.

Over the past five years, it has become clearly evident that these large corporations are increasingly consolidating their supplier base to a select number of providers who can offer the capacity and global footprint sufficient to meet their service and quality needs. This trend is being further accelerated by the cost advantages of extending standardisation of their products wherever they are made. Automotive car platforms are a prime example, where different models assembled in different countries utilise a common platform. One example of this is that we achieved a component supply approval in the USA, which was then specified for a different model from the manufacturer in Europe and then repeated into Asia. This multiplier effect is beginning to be a tangible contributor to the build-up of our future pipeline.

'Preferred supplier' status has now been awarded to *TR* by over 40 multinational OEMs which currently account for more than 60% of Group revenue. Yet our sales penetration into the total number of potential customer sites is a quarter of what is available to us, thus representing clearly achievable ongoing growth opportunities.

There is an obvious reason for these key multinational customers appointing *Trifast* as a 'preferred supplier' and that is our ability to provide high quality/zero-defect, low cost manufacturing and logistics resource across over 60 countries. Furthermore this is coupled with on-site assembly application and design expertise that our network of specialist engineers provide, especially in relation to new product development.

Our 'selective acquisition' strategy was rewarded on 30 May 2014 when we added VIC to our Group. VIC, based in Italy, is the European market leader in the design and manufacture of specialist fastener assemblies for the domestic appliances sector. As a direct result of the acquisition, this market sector has grown to become a major contributor to our business representing 19% of Group revenue in 2015 (2014: 8%).

I must also take this opportunity to acknowledge the consistent continuous improvement momentum being sustained by our operational colleagues that is so essential to underpinning our margin improvement for yet another year. This 'work smarter not harder' culture touches every aspect of our business — sourcing, warehousing, logistics, IT systems, finance, manufacturing, quality control and staff development and training. All of this is enshrined in highly focused sales and marketing objectives, giving the Group its unique dynamics, motivation and optimism.

As shareholders you are aware of the importance the Board places on progression and succession at the top level of the Group as well as through the teams. Over the past two years the Board has been carefully examining and refining its future plans and requirements so as to ensure we continue to drive performance and that this is both aligned to the interests of all stakeholders and the further development of our commercial business.

The outcome of this is as follows:

Firstly, I would like to thank Neil Chapman for his six years of wise counsel and support as Senior Independent Non-Executive Director and Chairman of the Audit and Nominations Committees as he retires on 16 June 2015. We welcome Neil Warner as his successor. Neil was CFO of Chloride PLC for many years, as well as Senior Independent Non-Executive Director and Audit Committee Chairman of Dechra Pharmaceuticals PLC, before he retired after 10 years' service in 2013. His current directorships are Non-Executive Chairman of Enteq Upstream plc and Independent Non-Executive Director and Audit Committee Chairman of Vectura Group plc, where he is also a member of the Remuneration and Nominations Committees.

Secondly, Jim Barker, Chief Executive Officer, will step down as CEO on 30 September 2015, remaining in a consultancy role with *TR* until 30 June 2016. With effect from 1 October 2015, Mark Belton, the current Group Finance Director, will take up the role of CEO and Clare Foster, who joined as Group Financial Controller in the year, will be appointed to the Board as Chief Financial Officer.

I would like to wish Jim and his family a long and enjoyable impending retirement and congratulate Mark and Clare on their respective promotions.

As always, I enthusiastically acknowledge and thank our shareholders for their support. As indeed I also do to our staff, customers, suppliers and all our stakeholders for playing your part in making our growth organisation the success it is.

Finally, I hope that you enjoy reading this Annual Report and Accounts. If you have any questions please feel free to contact us. We look forward to seeing many of you at our AGM in September, which will also give you the opportunity to meet a number of my colleagues from around the business and visit our operations in Uckfield.

Yours sincerely

Malcolm Diamond MBE
Executive Chairman
15 June 2015

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The Board undertakes annual evaluation of its own performance

Strong year-on-year corporate performance is rewarded and the interests of executives are aligned with the interests of shareholders over the longer term"

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Chairman of the Remuneration Committee

Read the **Directors' Remuneration Report** on pages 39 to 46

“The 2015 Annual Report is fair, balanced and understandable with appropriate references made throughout”

Neil Chapman
Chairman of the Audit Committee

Read the **Audit Committee Report** on pages 34 to 36

“The Nominations Committee has been developing a robust plan to ensure that the successful company culture, business model and growth strategy can be sustained well into the future”

Neil Chapman
Chairman of the Nominations Committee

Read the **Nominations Committee Report** on pages 37 and 38

Our Governance

Board of Directors

EXECUTIVE DIRECTORS

Malcolm Diamond MBE
Executive Chairman

Length of service
Total 33 years; re-appointed in 2009 to the plc Board as Executive Chairman

Formerly, *Trifast* CEO for 18 years before retiring in 2002

Non-Executive Chairman at Flowtech Fluidpower plc since May 2014

Key areas of expertise
Sales & marketing, strategic planning & implementation, business development and investor relations

Committee membership
Nominations Committee and by invitation

Jim Barker
Chief Executive Officer

Length of service
Total 33 years; reappointed in 2009 to the plc Board after retiring as CEO in 2007

Key areas of expertise
Extensive industry experience at domestic and international level including: global sourcing, purchasing & logistics, focus on Asian & European manufacturing and distribution

Committee membership
Nominations Committee and by invitation

Mark Belton
Group Finance Director

Length of service
16 years; appointed to the plc Board in 2010

Key areas of expertise
All aspects of financial planning, reporting and controls at Group and operational levels

Committee membership
By invitation

INDEPENDENT NON-EXECUTIVE DIRECTORS

Neil Chapman
Senior Independent Non-Executive Director

Length of service
6 years; appointed to the plc Board in 2009

Key areas of expertise
General management and finance, audit, governance and compliance roles following 30 years at KPMG and partner for 15 years, as well as Managing Director at Endeavour Holdings Ltd and Rivervale Cars Ltd

Committee membership
Audit Committee (Chairman), Nominations Committee (Chairman) and Remuneration Committee

Jonathan Shearman
Independent Non-Executive Director

Length of service
6 years; appointed to the plc Board in 2009

Key areas of expertise
Investment Fund management, stockbroking and investment banking, IT and charitable foundations

Committee membership
Remuneration Committee (Chairman), Audit Committee and Nominations Committee

Scott Mac Meekin
Independent Non-Executive Director

Length of service
2 years; appointed to the plc Board in 2013

Key areas of expertise
20 year career in both commercial and corporate structures across all major continents and cultures in: M&A, global logistics, technology, distribution and manufacturing

Committee membership
Audit Committee and Remuneration Committee

Geoff Budd

TR Europe Managing Director

Length of service
39 years; appointed to the plc Board in 1986

Key areas of expertise
Extensive knowledge of the industry, European and Asian markets particularly in sales & purchasing, manufacturing and quality

Committee membership
By invitation

Glenda Roberts

Group Sales Director

Length of service
25 years; appointed to the plc Board in 2010

Key areas of expertise
Global sales & marketing, logistics & supply chain and customer relationship management

Committee membership
By invitation

COMPANY SECRETARY

Clare Foster

Company Secretary

Length of service
Joined *Trifast* on 5 January 2015 and was appointed Company Secretary on 1 March 2015

Key areas of expertise
Financial planning, reporting and compliance

Committee membership
Secretary to the Audit Committee and by invitation

Directors' report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's Report for the year ended 31 March 2015.

Results and proposed dividends

Total Group revenue from continuing operations was £154.74m (2014: £129.78m) and the profit for the year before taxation was £11.85m (2014: £8.89m). Underlying profit before tax for the Group was £14.31m (2014: £9.16m); see note 2 for breakdown.

The Directors recommend a final dividend of 1.50 pence net of tax (2014: 1.00p) per ordinary share to be paid on 16 October 2015 to shareholders registered at the close of business on 18 September 2015. This together with the interim dividend of 0.60 pence (paid on 17 April 2015) (2014: 0.40p) brings the total of the year to 2.10 pence (2014: 1.40p). The 2015 recommended final dividend has not been included within creditors as it was not approved before the year end. The 2015 interim dividend is also unrecognised as it was paid post year end.

The Strategic Report on pages 1 to 22 provides a detailed analysis of the results in the year and an indication of future developments.

Annual General Meeting

The Annual General Meeting will be held on 16 September 2015 at Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Directors and Directors' interests

The Directors who held office during the year were as follows:

Chairman

MM Diamond MBE	Executive Director

Executive Directors

JC Barker	Chief Executive Officer
MR Belton	Group Finance Director
GP Budd	*TR* Europe Managing Director
GC Roberts	Group Sales Director

Independent Directors (Non-Executive)

NS Chapman	Senior Independent, Chairman of Audit and Nominations Committees
JPD Shearman	Chairman of Remuneration Committee
SW Mac Meekin	

The Directors' remuneration, their interests in share capital and those Directors who are retiring and, being eligible, offer themselves up for re-election, are shown in the Remuneration Report on pages 39 to 46. Biographical details can be found in Board of Directors on pages 28 to 29 and, in the case of NW Warner, in the Chairman's Letter on pages 24 to 25.

Substantial shareholdings

Details of the share structure of the Company are disclosed in note 24.

As at the year end on 31 March 2015, the Company was aware of the following material interests, representing 3% or more of the issued share capital of the Company.

	No. of shares held	% of shareholding
Hargreave Hale	12,603,580	10.85%
Schroder Investment Management	11,869,741	10.22%
Mr Michael Timms	11,550,000	9.94%
AXA Framlington Investment Managers	10,016,034	8.62%
Mr Michael J Roberts	5,814,000	5.01%
Hargreaves Lansdown Asset Management	4,398,920	3.79%
Barclays Personal Investment Management	3,482,740	3.00%

As at 31 May 2015, material interests representing 3% or more of the issued share capital of the Company were:

	No. of shares held	% of shareholding
Hargreave Hale	12,639,250	10.88%
Schroder Investment Management	11,869,741	10.21%
Mr Michael Timms	11,000,000	9.97%
AXA Framlington Investment Managers	10,016,034	8.62%
Mr Michael J Roberts	5,814,000	5.00%
Hargreaves Lansdown Asset Management	4,561,216	3.93%

Financial instruments

Information in respect of the Group's policies on financial risk management objectives including policies to manage credit risk, liquidity risk and foreign currency risk are given in note 26 to the financial statements.

Corporate governance

The Corporate Governance Statement on pages 32 to 33 should be read as forming part of the Directors' Report.

Takeover directive

Where not provided elsewhere in the Directors' Report, the following provides the additional information required to be disclosed as a result of the implementation of the Takeover Directive.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law). In accordance with the Listing Rules of the Financial Conduct Authority, certain employees are required to seek the approval of the Company to deal in its shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or on voting rights.

No person has any special rights of control over the Company's share capital and all its shares are fully paid.

The rules governing the appointment and replacement of Directors are set out in the Corporate Governance section of the Directors' Report on pages 32 to 33. The Company's Articles of Association may only be amended by a special resolution at a General Meeting of shareholders.

The Company is party to a number of banking agreements that, upon a change of control of the Company, could be terminable by the bank concerned.

Outside of the extension of certain Directors' rolling contract periods and notice periods (see page 41), there are no agreements between the Company and its Directors or employees which provide for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

Employees

The Group has a policy of offering equal opportunities to employees at all levels in respect of the conditions of work. Throughout the Group it is the Board's intention to provide possible employment opportunities and training for disabled people and to care for employees who become disabled having regard to aptitude and abilities. Our Corporate Social Responsibility Statement can be found on our website www.trifast.com and further details are provided in the Strategic Report on pages 1 to 22.

Regular consultation and meetings, formal or otherwise, are held with all levels of employees to discuss problems and opportunities. Information on matters of concern to employees is presented in the in-house letters and publications.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Board has decided to propose KPMG LLP to be reappointed as auditor of the Company and a resolution concerning their appointment will be put to the forthcoming Annual General Meeting of the Company.

By order of the Board

Clare Foster
Company Secretary
Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Company registration number: 1919797

Corporate governance

(forming part of the Directors' Report)

With exceptions as highlighted below, the Company complied with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012.

The Board acknowledges Malcolm Diamond is a non-independent Executive Chairman which does not comply with the requirements of section A.3.1 of the Corporate Governance Code. However, the Board believes that, given Mr Diamond sits as Chairman and is a non-executive in other companies, his experience from these appointments and his previous knowledge of *Trifast* is invaluable and can best be delivered through the position of Chairman.

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below (including in the Audit Committee and Nominations Committee reports) and in the Directors' remuneration report on pages 39 to 46.

The structure of the Board and its standing committees is as follows:

The Board

Currently the Board consists of four Executive Directors, three Independent Non-Executive Directors and a Chairman. The Non-Executive Directors are considered to be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement for the purposes of the Code. The Chairman, who is an Executive Chairman, is not considered by the Board to be independent.

The appointment, replacement and powers of the Directors are governed by the Company's Articles of Association, the Corporate Governance Code, the Companies Act, prevailing legislation and resolutions passed at the Annual General Meeting ('AGM') or other general meetings of the Company.

The Senior Independent Non-Executive Director is Neil Chapman, who was chosen due to his executive board experience with other companies.

All Independent Non-Executive Directors have the authority to meet with shareholders without first seeking approval from the Chief Executive or the Chairman.

The Board met 11 times during the period with attendance as follows:

	Attendance in 2014/15
MM Diamond	10
JC Barker	11
MR Belton	11
GP Budd	11
GC Roberts	9
NS Chapman	9
JPD Shearman	10
SW Mac Meekin	8

Upon appointment the Directors are required to seek election at the first AGM following appointment. All Directors are required to submit themselves for re-election at regular intervals and a minimum of one third of Directors must be re-elected on an annual basis.

The Directors retiring by rotation are Malcolm Diamond, Jonathan Shearman and Scott Mac Meekin who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. The Chairman confirms that following formal performance evaluation, the individuals seeking re-election continue to be effective and demonstrate commitment to the role.

The Company has separate posts of Chairman and Chief Executive. The Chairman leads the Board and the Chief Executive is responsible for the management of the Company, implementing policies and strategies determined by the Board.

The terms and conditions of appointment of Non-Executive Directors are available for inspection on request to the Company Secretary.

The Independent Non-Executive Directors have full access to the external auditor and to management and there is a formal procedure for Directors to obtain independent professional advice in the furtherance of their duties should this be necessary. All Directors have access to the advice and services of the Company Secretary.

Appropriate and relevant training is provided to the Directors as and when required.

The Board meets a minimum of five times a year and is supplied as early as practical with an agenda and appropriate papers. Directors are appointed by the Board on recommendation from the Nominations Committee. The Board monitors the financial performance of the Group, and approves and reviews major projects and acquisitions. The Board has formally adopted a schedule of matters which are reserved to the Board for decision, thus ensuring that it maintains control over appropriate strategic, financial, organisation and compliance issues to ensure the long term success of the Company.

The Board undertakes annual evaluation of its own performance, that of its committees and individual Directors using questionnaires and continues to train and evaluate senior managers below Board level in order to maintain its continuous succession policy. As part of this evaluation, the Board considers the balance of skills, experience, the independence and knowledge of the Board, its diversity, including gender, and how effectively the Board works together as a unit.

The Board has delegated specific responsibilities to the Audit, Nominations and Remuneration Committees. Details are described on pages 34 to 46.

Internal audit

As detailed in the Audit Committee report on pages 34 to 36, the Board, via the Audit Committee, formally considers the requirement for internal audit on an annual basis as part of its terms of reference. A formalised internal review process called a 'Health Check' has been in operation for some years. Whilst the Board recognises that this process does not constitute a fully independent internal audit function, it believes that due to the size of the Group, this provides appropriate comfort as to the operational and financial controls in place.

Shareholder relations

The Group has a website, www.trifast.com, which is regularly updated to ensure that shareholders and other providers of capital are fully aware of the Group's activities. The Group's Registrar, Computershare, is linked to the *Trifast* website and offers services for shareholders.

The Group also works with City specialists to ensure all levels of shareholders receive *Trifast* information.

During the year being reported upon we engaged with:

Peel Hunt LLP — Stockbroker to the Company, Institutional Fund Managers

TooleyStreet Communications — Investor Relations Analysts, Private Client Brokers and Media

Edison Investment Research — Investment Research, available on the *Trifast* website

View more content online at
www.trifast.com

The members of the Audit, Remuneration and Nominations Committees will normally be available to speak to shareholders at the AGM in order that they understand the views of the shareholders. In addition, shareholders can contact them at any time by writing to Trifast plc, Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Going concern

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. Further information is given in the Basis of Preparation, note 1. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By order of the Board

Clare Foster
Company Secretary
Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Trifast plc Executive team

Audit Committee report

Neil Chapman
Chairman of the Audit Committee

Jonathan Shearman
Independent
Non-Executive Director

Scott Mac Meekin
Independent
Non-Executive Director

I am pleased to present the Audit Committee Report for the year ended 31 March 2015, which has been prepared by the Committee and approved by the Board.

The Committee has focused on the integrity, completeness and clarity of financial reporting, the areas where judgements and estimates are required in the financial statements and the quality and effectiveness of audit processes to complement the other risk management activities.

The Board and Committee have also focused on the recently introduced governance requirements regarding the Annual Report and consider that, taken as a whole, the 2015 Annual Report is fair, balanced and understandable with appropriate references being made throughout the various sections to assist shareholders and others to understand the information and disclosures contained within them.

I would like to thank the Committee members, the executive management team and our external auditor, KPMG LLP ('KPMG') for the open discussions that take place at our meetings and the importance they all attach to its work.

Committee membership and attendance

The Audit Committee consists entirely of the Independent Non-Executive Directors and met three times in the year.

	Attendance in 2014/15
Neil Chapman (Chairman)	3
Jonathan Shearman	3
Scott Mac Meekin	3

The external auditor KPMG, the Executive Chairman, the Chief Executive, the Group Finance Director and the Company Secretary are also invited to attend meetings.

The Committee is considered to be adequately qualified. The Chairman, Neil Chapman, has significant, recent and relevant financial experience as a former partner of KPMG and through his other current appointments.

"Our Audit Committee is focused on ensuring the integrity of the Group's financial reporting and the effectiveness of our risk management processes and internal controls"

Responsibilities

The Committee operates within its terms of reference, which are reviewed and updated annually and are available on the Company's website or on request to the Company Secretary.

The Committee's main responsibilities are:

- to assist the Board in ensuring the integrity of its financial statements
- to review the financial results, announcements and financial statements, monitoring compliance with relevant regulations
- to provide advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable
- to review the appropriateness of accounting policies and the supporting key judgements and estimates
- to monitor and review the internal financial controls and risk management systems including the requirement for a formal internal audit function
- to review the procedures for detecting, monitoring and managing the risk of fraud
- to make recommendations to the Board on the appointment and remuneration of the external auditor
- to review and monitor the external auditor's performance, expertise, independence and objectivity along with the effectiveness of the audit process and its scope

Key matters considered and activities during the year

During the year, the Committee met to agree the audit strategy for the full year audit, reviewed the results of the external audit for the financial year and reviewed the external auditor's half year review and the half year results. It also considered the results of the internal review process ('Health Checks') carried out as part of the cycle (more details of this process are given in the section 'Internal Audit' below), and finally it reviewed the Annual Report and the financial statements contained within it.

The Committee reports to the Board on how it has discharged its responsibilities on a regular basis.

The Committee's prime areas of focus have been:

- the integrity, completeness and consistency of financial reporting and disclosures
- the areas where significant judgements and estimates are required in the financial statements
- the materiality level to apply to the audit
- whether the going concern basis of accounting should continue to apply in the preparation of the annual financial statements
- the appropriateness of transactions separately identified and disclosed as one-off in order to highlight the underlying performance for the periods presented in the financial statements
- the key assumptions, judgements and estimates as detailed in note 32 to the financial statements
- to review the Group's cyber risk strategy to ensure controls and testing are in place to mitigate the Group's exposure to this growing risk

Financial reporting and significant financial risks

The Committee concluded that there were three significant financial risks arising from the financial statements which would require particular consideration during the year:

- **Carrying amount of inventory (recurring)**
  The Group has significant inventory holdings which fall into two broad categories — standard product ranges and those holdings which are customer specific. The Board recognises that as the business continues to grow the Group is required to carry additional inventory to meet its transactional and OEM business. This carries with it an increased exposure to obsolete inventory. The Committee is satisfied that sufficient focus is given to this whole area and, in particular, the adequacy of provisions made for slow moving and obsolete inventory.

- **Recoverability of goodwill (recurring)**
  The determination of whether or not goodwill has been impaired requires a review of the value in use of the asset. The main judgements in relation to the review were considered to be the achievability of the long term business plan and the impact upon the plan of macroeconomic and regulatory issues. In addition, the Committee reviewed the discount rates used in projecting future cash flows to ensure they were within an acceptable range. The calculation of the value in use was undertaken and the Committee reviewed the conclusion, including sensitivity calculations. The Committee also held discussions with KPMG. The Committee concurred with management's conclusion that goodwill is not impaired.

- **Acquisition accounting for VIC (in the year)**
  The determination of the value of intangible assets acquired as part of a business combination requires a cost, market or income approach to be taken. The intangible assets identified on the acquisition of Viterie Italia Centrale ('VIC') have been valued by external valuer Globalview Advisors using the income methodology. The main assumptions used to establish value were profitability, growth, discount and tax rates. The Committee reviewed the conclusions reached and held discussions with management and KPMG. The Committee concurred with management's conclusion that the intangible assets are appropriately valued.

Internal audit

A formalised internal review process called a 'Health Check' has been in operation for some years and all business units are the subject of a Health Check on a rotational basis. The reviews, covering both operational and financial controls, are carried out by senior finance personnel who are independent from the entity which is the subject of the review. All Health Checks are presented by the Group Finance Director to the Audit Committee and remedial actions agreed. Whilst the Board recognises that this process does not constitute a fully independent internal audit function, it believes that due to the size of the Group, this provides appropriate comfort as to the operational and financial controls in place.

Internal control

The Board is ultimately responsible for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Corporate Governance Code requires that the Board reviews the effectiveness of the system of internal controls, in accordance with section C.2, including those of an operational and compliance nature, as well as internal financial controls. Having done so, the Committee is of the view that there is an appropriate ongoing process for identifying, evaluating and managing significant risks. Operating policies and controls are in place and have been in place throughout the year under review, and cover a wide range of issues including financial reporting, capital expenditure, information technology, business continuity and management of employees. Detailed policies ensure the accuracy and reliability of financial reporting and the preparation of Financial Statements including the consolidation process.

Audit Committee report (continued)

The key elements of the Group's ongoing processes are:

- a full detailed review of the business risks undertaken as part of the ongoing day-to-day procedure of the business
- an organisational structure with clearly defined lines of responsibility and delegation of authority
- that Group policies for financial reporting, accounting, financial risk management, information security, capital expenditure appraisal and Corporate Governance are well documented
- that detailed annual budgets and rolling forecasts are prepared for all operating units and reviewed and approved by the Board
- that performance is monitored closely against budget and material variances reported to the Board
- that the Committee is to deal with any significant control issues raised by the auditor
- that a formal schedule of matters specifically reserved for decisions by the Board is maintained
- that capital expenditure is controlled by the budgetary process with authorisation levels in place. Any single item of capital expenditure over £50,000 goes to the Board for approval with detailed written proposals and financial analysis of expected returns

There were no significant control deficiencies identified during the year.

External auditor

The external audit is a continuous process. At the start of the audit cycle, KPMG present their audit strategy identifying their assessment of the key risks for the purposes of the audit and the scope of their work. For 2015 these risks were: the carrying amount of inventory, recoverability of goodwill and intangible assets and the acquisition accounting for VIC. More detail is set out in KPMG's report on pages 50 to 52.

KPMG reports to the Committee at both the half and full year, setting out their assessment of the Group's judgements and estimates in respect of these risks and the adequacy of the reporting. The Chairman of the Committee speaks to the lead audit partner before each meeting and the whole Committee meets with KPMG in private at least once a year without executive management present. The Committee reviews the external auditor's performance and ongoing independence and concluded that the external audit process is operating effectively and KPMG continues to prove effective in its role as external auditor.

Non-audit services provided by KPMG

In order to ensure the independence and objectivity of the external auditor, the Committee has a policy which provides clear definitions of services that the external auditor can and cannot provide. Tax compliance and advisory services are currently provided by another professional services firm PricewaterhouseCoopers LLP ('PwC'). The policy also establishes a formal authorisation process, including either the tendering for non-audit services or pre-approval by the Committee for allowable non-audit work.

The fees in relation to non-audit services are found in note 5 of the Annual Report.

Reappointment of external auditor

Following the completion of the audit, the Committee reviews the effectiveness and performance of KPMG with feedback from Committee members, senior executive management and finance personnel, covering overall quality, independence and objectivity, business understanding, technical knowledge, responsiveness and cost effectiveness.

The Committee acknowledges the new EU rules with regard to auditor rotation and the requirement for companies to put audit services contracts out to tender at least every ten years (outside of transitional rules). KPMG has been our auditor for over 20 years. The current lead audit partner at KPMG was appointed in 2014 following a scheduled rotation and will be required to stand down no later than the Annual General Meeting in 2018. Accordingly, and in line with the arrangements set out by the EU, the Committee continues to recommend to the Board that the tendering of the external contract should be either at the next rotation of audit lead partner or earlier, if appropriate circumstances arise. There are no contractual obligations which restrict the Audit Committee's choice of external auditor. The Committee and the Board have concluded that KPMG provides an effective audit and have recommended their reappointment at the 2015 AGM.

On behalf of the Audit Committee

Neil Chapman
Chairman of the Audit Committee
15 June 2015

Nominations Committee report

Jim Barker, Jonathan Shearman, Malcolm Diamond, Neil Chapman

"The Nominations Committee has an important role to play in ensuring the Board continues to have the right balance of experience and skills to support our strategy"

Neil Chapman
Chairman of the Nominations Committee

Role

The Committee keeps under review and evaluates the composition of the Board and its Committees to maintain the appropriate balance of skills, knowledge, experience and independence to ensure their continued effectiveness.

Appropriate succession plans for the Non-Executive Directors, the Executive Directors and the Group's senior management are also kept under review.

The Nominations Committee's terms of reference are available on request to the Company Secretary.

Composition

The Nominations Committee comprises two Independent Non-Executive Directors, Neil Chapman* and Jonathan Shearman, the Executive Chairman, Malcolm Diamond and the CEO, Jim Barker. The Committee, which is chaired by Neil Chapman, met twice during the year.

Boardroom diversity

Appointing the best people to the Board is critical to the success of the Company. The Committee has therefore concluded that while diversity, including gender diversity, is important when reviewing the composition of the Board and possible new appointees, the single most important factor is to identify and recruit people based on merit. Given our commitment to appointing the best people and ensuring that all employees have an equal chance of developing their careers with the Group, the Committee does not think it is appropriate to set targets for Board appointments.

* Retiring 16 June 2015 after six years in office as Senior Independent Director.

Nominations Committee report (continued)

Succession planning

The Nominations Committee has been developing a robust plan to ensure that the successful company culture, business model and growth strategy firmly established by the current executive team can be sustained well into the future.

Whilst it is clearly evidenced that management development throughout the Group has prospered on the basis of promotion from within, the Committee engaged the services of Hoggett Bowers, an unconnected, highly respected executive search consultancy, in order to broaden the scope of selecting a future CEO to replace Jim Barker.

The Group's senior finance team has been strengthened by the recruitment in January 2015 of Clare Foster from KPMG as Group Financial Controller and Company Secretary, thus allowing Mark Belton (FD) to have more time to focus on the strategic growth of the business.

Meanwhile, Neil Chapman, Senior Independent Director (Chair of Nominations and Audit Committees) will retire as of 16 June 2015 after six years' service on the Board. Neil Warner will join the Board on 16 June 2015 to fulfil the roles formerly undertaken by Neil Chapman. Neil Warner was the CFO of Chloride Plc for many years and was highly involved in the transition of ownership to Emerson.

Malcolm Diamond MBE (Chairman) worked with Neil Warner as Senior Independent Director on the Dechra Pharmaceuticals PLC Board for seven years, where he was Audit Committee Chairman.

Neil Warner

Directors' remuneration report

"The remuneration policy at *Trifast* seeks to attract, incentivise and retain those key executives who are critical to executing our business strategy"

Dear shareholder

Introduction

As Chairman of the *Trifast* Remuneration Committee (the 'Committee'), I am pleased to introduce our Remuneration report for 2015, which has been prepared by the Committee in accordance with the relevant legal and accounting regulations and approved by the Board.

The remuneration policy at *Trifast* seeks to attract, incentivise and retain those key executives who are critical to executing our business strategy. Within this, any structure will aim to deliver an appropriate mix of:

- fixed and variable compensation
- cash and equity components

The Committee believes that the current structure is in the best interests of shareholders, ensuring that strong year-on-year corporate performance is rewarded and the interests of executives are aligned with the interests of shareholders over the longer term.

Remuneration policy & structure

The current remuneration policy was approved by the majority of shareholders at the last AGM on 18 September 2014 and we have subsequently sought to engage with the two shareholders that cast the largest number of votes against its adoption. It is important to the Group that stability and momentum be maintained during this time of management transition. After examining market practice, and to complement the stability requirement, the Board will, at the forthcoming AGM, be proposing one amendment to the Remuneration Policy that allows a fixed twelve month notice period to be extended to all Executive Directors. This should ensure that *Trifast* is properly protected in the event that an Executive Director wishes to leave, and alleviate any issues with regard to external recruitment. The notice period for Non-Exectutive Directors will be unchanged. All other aspects of the remuneration policy remain the same, a summary of which can be found on the following page and a full copy in either of last year's accounts or via the *Trifast* website www.trifast.com.

Given the Board wide review completed during the prior year, no meaningful structural changes have been required and hence this has been a routine year.

Looking back

Turning to the financial performance of the Group, this has been an excellent year showing an increase in underlying diluted EPS of 45.9%.

This came via a mix of organic growth and a maiden contribution from VIC, our latest acquisition. When considering the bonus targets for the year to 31 March 2015, the Committee was keen that they were challenging yet achievable. As a result, to attain maximum payout, the Group needed to show year-on-year EPS growth of 25%. Within that, the stretch target required growth of some 17% over and above the threshold.

Against the 2015 remuneration structure, taking into account a ROCE of 18.6%, which is in excess of the required level (WACC +2%) and given the EPS outlined above, the Committee assessed that performance in the year to 31 March 2015 justified the maximum annual bonus possible (200%). This is for each Executive Director and is made up of a 100% cash bonus and a 100% equity award, the latter being deferred for three years.

Looking ahead

The Group remains committed to 'more of the same'; that is growth in earnings from both organic performance and any acquisitions that are made. The Executive team, NEDs and senior managers have all chosen to freeze their salaries in the coming year, preferring any increase to be shared amongst the employees, reflecting their contribution to performance.

With regard to the bonus scheme for the year to 31 March 2016, threshold performance will be in line with the remuneration policy. Thereafter, for maximum bonuses to be paid, Group EPS will once again need to be significantly in excess of the threshold level. This target has been set to reflect the prevailing economic environment. Whilst the actual level of EPS required is deemed commercially sensitive in the year in which it applies, we will, as in previous years, make it available in next year's accounts.

Reporting under the UK Department for Business, Innovation & Skills requirements, we welcome an appropriate amount of visibility and clarity, alongside remaining ever mindful of the opinions of our shareholders with regard to executive reward. The following pages contain the annual Remuneration report which shows in greater detail how we have applied our policy during the year under review.

In concluding, we have an excellent management team and it is appropriate that they feel motivated and rewarded. We believe that our approach will enable this and so look forward to your support in approving the relevant Remuneration report resolutions at September's AGM.

Jonathan Shearman
Chairman of the Remuneration Committee
15 June 2015

View more content online at
www.trifast.com

Directors' remuneration report (continued)

Directors' remuneration policy

This section of the Remuneration report contains details of the policy that will govern current and future remuneration. It has been developed to support the business strategy and was approved on 18 September 2014 by shareholders at the AGM.

The Remuneration Committee does not retain discretion with regard to any of the main components of the remuneration policy, unless otherwise indicated in the following table:

1) Policy tables — Executives

Element	Executive team
Base salary from 1 April 2014	Range of £180,000 to £250,000 in line with benchmarking and prevailing industry
Pension*	20% of salary
Annual bonus — cash	Maximum — 100% On target — 50% Threshold — 35%
Annual bonus measure — cash	ROCE hurdle of 200bps in excess of the Group's WACC Thereafter, based on underlying diluted EPS performance Reduction of up to 15% should personal objectives not be achieved
Annual bonus — deferred equity	Maximum — 100% On target — 100% Threshold — 70%
Annual bonus measure — deferred equity	ROCE hurdle of 200bps in excess of the Group's WACC Thereafter, based on EPS performance Reduction of up to 15% should personal objectives not be achieved Any shares awarded are deferred for three years
Shareholding requirement	Minimum holding of 250,000 shares†
Malus and clawback	The Committee would consider clawback of the equity portion should EPS growth on a rolling three year basis turn negative
Changes in policy	None

* Malcolm Diamond and Jim Barker do not participate in the Company pension plan.
† by 31 March 2019.

Year-end decisions made	
Salary review 1 April 2015 — Executives	0%
Bonus outcome year to 31 March 2015	
Salary %	100%^
Maximum %	100%^
Fees review 1 April 2015 — Non-Executives	0%

^ Before any deductions with regard to personal objectives.

2) Contracts

During the year all Executive Directors had rolling service contracts. Details of each Board member's contract are as detailed below:

Executives	Notice period	Date of signing
MM Diamond	12 months	26 July 2012
JC Barker	12 months	26 July 2012
MR Belton	6 months¶	26 July 2012
GP Budd	6 months¶	26 July 2012
GC Roberts	6 months¶	26 July 2012

Non-Executives	Notice period	Date of signing
NS Chapman	3 months*†	26 July 2012
NW Warner	3 months*^	16 June 2015
JPD Shearman	3 months*	26 July 2012
SW Mac Meekin	3 months*	25 April 2013

¶ To be extended to 12 months subject to shareholder approval at the forthcoming AGM
* 12 months in the event of a change in control
† Resigning on 16 June 2015
^ To be appointed on 16 June 2015

A minimum of one third of all Directors need to be re-elected on an annual basis and all Directors in their first year of appointment. The Directors up for re-election at the AGM on 16 September 2015 are: Malcolm Diamond, Neil Warner, Jonathan Shearman and Scott Mac Meekin.

The Directors' contracts are kept at the Company's Registered Office.

Directors' remuneration report (continued)

Annual report on remuneration — audited information

This section of the Remuneration report contains details as to how the Company's remuneration policy was implemented during the year ended 31 March 2015.

1) Executive Director single figure for remuneration

	Salary £000	Annual bonus[3] Cash £000	Annual bonus[3] Deferred equity (face value) £000	Taxable benefits[1] £000	Pensions[2] £000	Total £000
MM Diamond	**200**	**200**	**200**	**19**	**—**	**619**
Prior year	190	152	190	13	—	545
JC Barker	**250**	**250**	**250**	**16**	**—**	**766**
Prior year	225	180	225	13	—	643
MR Belton	**200**	**200**	**200**	**13**	**40**	**653**
Prior year	170	136	170	13	34	523
GP Budd	**190**	**190**	**190**	**15**	**38**	**623**
Prior year	165	132	165	13	33	508
GC Roberts	**180**	**180**	**180**	**16**	**36**	**592**
Prior year	140	112	140	13	28	433
Totals	**1,020**	**1,020**	**1,020**	**79**	**114**	**3,253**
Prior Year Totals	890	712	890	65	95	2,652

1. Taxable benefits consisted of the cost of providing a Company car (or car allowance), private medical insurance and critical illness cover
2. Mark Belton, Geoff Budd and Glenda Roberts are members of the Company's non-contributory pension plan (2014: Mark Belton, Geoff Budd and Glenda Roberts) This is an HMRC approved defined contribution scheme. The rate of Company contribution to this scheme is 20% of base salary
3. See additional details for variable pay element of remuneration below:

Additional details for variable pay element of remuneration: annual bonus

A portion of the annual bonus for the year ended 31 March 2015 has been paid in cash following the publication of the annual results and the remainder deferred in equity for three years. In accordance with the Directors' Remuneration Policy, all five Executive Directors have been awarded a cash bonus and deferred equity bonus as a percentage of base salary of 100% and 100% respectively (2014: 80% and 100%).

The number of shares needed to award the face value of the deferred equity bonus is based on the average share price from 1 January to 31 March. In 2015 this was 980,390 shares and 104p (2014: 1,098,767 and 81p).

The annual IFRS2 charge relating to the Board deferred equity bonuses given in 2014 and 2015 was £0.51m (2014: £nil).

The performance targets, actual performance achievement and resulting annual bonus as a percentage of the base salaries of the Executive Directors are summarised below for the year to 31 March 2015:

Performance measure	Weighting	Threshold performance target	Maximum performance target*	Actual EPS	Bonus achieved^ Cash	Bonus achieved^ Deferred
Group EPS†	100%	6.3p incorporating a bonus of 105% of salary (35% cash; 70% deferred equity)	7.4p incorporating a bonus of 200% of salary (100% cash; 100% deferred equity)	8.7p	100%	100%

* On target performance is deemed commercially sensitive and therefore not stated. Maximum performance PBT is stated after the deduction of any incremental bonus payments

^ As percentage of salary

† Underlying diluted EPS

Historic long term incentive awards

The options that were agreed with shareholders and granted on the change of management in 2009, requiring a three month average share price greater than 51p, combined with a ROCE in excess of 10%, vested during the year ended 31 March 2013. 2,000,000 of the options granted to the Board remain outstanding at 31 March 2015 (2014: 5,400,000).

2) Non-Executive Director single figure for remuneration

	Core fee £000	Chairing of Audit or Rem Committee £000	Committee membership £000	Senior Independent Director £000	Total £000
NS Chapman	**40**	**5**	**5**	**5**	**55**
Prior year	36	—	6	6	48
JPD Shearman	**40**	**5**	**5**	**—**	**50**
Prior year	36	—	6	—	42
SW Mac Meekin	**40**	**—**	**5**	**—**	**45**
Prior year	36	—	6	—	42
Totals	**120**	**10**	**15**	**5**	**150**
Prior Year Totals	108	—	18	6	132

3) Payments to past Directors and for loss of office

There were no such payments made during the year under consideration (2014: £nil).

4) Statement of Directors' shareholdings

	Shareholding requirement	Current beneficial holding*	Vested but unexercised options^	Deferred shares without performance measures	Current shares which count toward shareholding requirements†	Unvested SAYE options	Total of all interests at 31 March 2015	Shareholding requirement met?
Executive Directors								
Malcolm Diamond	250,000	553,800	1,000,000	426,801	1,980,601	18,000	**1,998,601**	Yes
Jim Barker	250,000	573,229	1,000,000	518,070	2,091,299	—	**2,091,299**	Yes
Mark Belton	250,000	250,000	—	402,110	652,110	18,000	**670,110**	Yes
Geoff Budd	250,000	550,000	—	386,326	936,326	—	**936,326**	Yes
Glenda Roberts	250,000	150,000	—	345,850	495,850	—	**495,850**	Yes
Non-Executive Directors								
Neil Chapman	—	1,507,500	—	—	1,507,500	—	**1,507,500**	N/A
Jonathan Shearman	—	—	—	—	—	—	**—**	N/A
Scott Mac Meekin	—	—	—	—	—	—	**—**	N/A

^ Granted 30 September 2009.
† Total of current beneficial holding, vested but unexercised options and deferred equity awards.
* Including options exercised in the year

Deferred equity bonus shares:

	2014		**2015**		**Total**	
Name	Number of shares	Face value	**Number of shares**	**Face value**	**Number of shares**	**Face value**
Executive Directors						
Malcolm Diamond	234,568	190,000	**192,233**	**200,000**	**426,801**	**390,000**
Jim Barker	277,778	225,000	**240,292**	**250,000**	**518,070**	**475,000**
Mark Belton	209,877	170,000	**192,233**	**200,000**	**402,110**	**370,000**
Geoff Budd	203,704	165,000	**182,622**	**190,000**	**386,326**	**355,000**
Glenda Roberts	172,840	140,000	**173,010**	**180,000**	**345,850**	**320,000**

* Outside of the malus and clawback noted in policy table 1, the deferred equity bonus shares have no further performance measures once awarded. A service condition of three years, with a good leaver clause applies

The number of shares needed to award the face value of the deferred equity bonus is based on the average share price from 1 January to 31 March. In 2015 this was 980,390 shares and 104p (2014: 1,098,767 and 81p).

Directors' remuneration report (continued)

2009 share options:

Name	Outstanding at 1 April 2014	Options^ Exercised	**Outstanding at 31 March 2015**
Executive Directors			
Malcolm Diamond	2,000,000	(1,000,000)	**1,000,000**
Jim Barker	2,000,000	(1,000,000)	**1,000,000**
Mark Belton	500,000	(500,000)	**—**
Geoff Budd	500,000	(500,000)	**—**
Glenda Roberts	250,000	(250,000)	**—**
Non-Executive Directors			
Neil Chapman	150,000	(150,000)	**—**
Jonathan Shearman	—	—	**—**
Scott Mac Meekin	—	—	**—**

^ Excluding SAYE plans (see previous table).

The aggregate gains made on exercising share options in the year totalled £3,697,000 (2014: £nil).

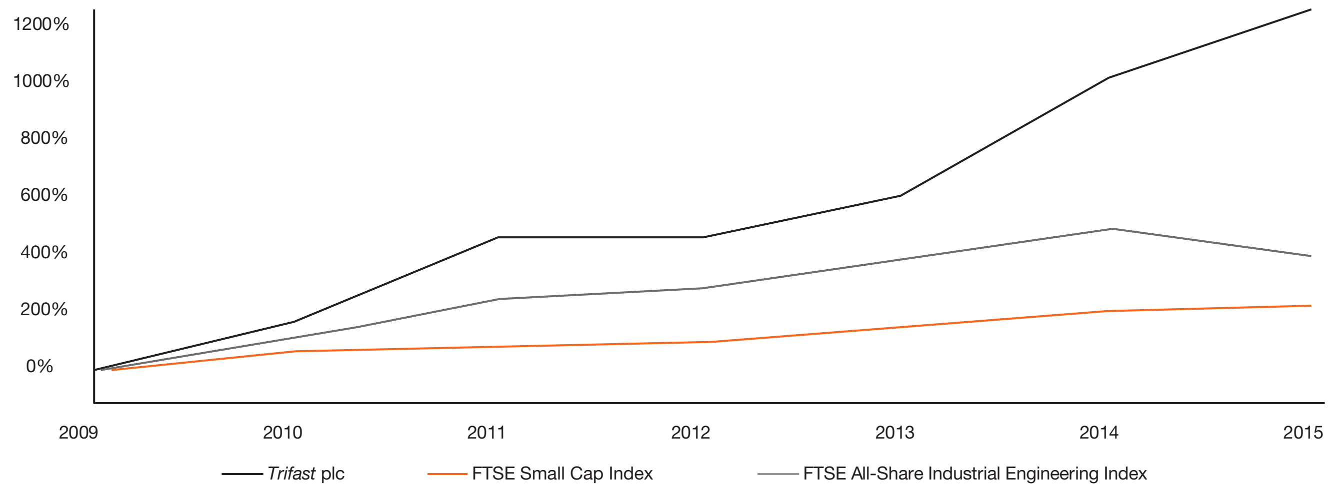
There have been no changes in the interests of any Directors between 31 March 2015 and 15 June 2015.

Annual report on remuneration — Unaudited information

The graph below sets out the Total Shareholder Return performance of the Company compared to the FTSE Small Cap Index and FTSE All-Share Industrial Engineering Index over a six year period from 31 March 2009. The Remuneration Committee believes it is appropriate to monitor the Company's performance against these indices as the Company is a constituent of both.

5) Performance graph

In June 2014, *TR* was promoted from the fledgling to the FTSE Small Cap and All-Share indicies.



6) Performance and pay

The table below shows the single figure remuneration and levels of bonus payout for the Group CEO during the past six years:

Year	Total Remuneration £000	Annual cash bonus payout against maximum	Equity award payout against maximum
2015	766	100%	100%
2014	643	80%	100%
2013	1,263	30%	100%*
2012	327	35%	N/A*
2011	265	45%	N/A*
2010	176	N/A	N/A*

* This was a year considered as part of the performance period for the 2009 option scheme.

7) Percentage change in CEO remuneration

The table below compares the percentage increase in the CEO's total pay with that of the UK division which is the most appropriate allowing a consistent tax regime and inflationary environment. In both cases, salaries are reviewed annually in April:

		2015 £000	2014 £000	Change
Group CEO	Salary	**250**	225	11.1%
Jim Barker	Taxable benefits	**16**	13	23.1%
	Annual bonus — cash	**250**	180	38.9%
	Annual bonus — deferred	**250**	225	11.1%
UK employees	Salary	**9,562**	9,363	2.1%
	Taxable benefits	**331**	310	6.8%
	Annual bonus	**899**	706	27.3%

8) Relative importance of spend on pay

The following table shows the relative spend on pay during the past two financial years when compared to other disbursements from profit:

	Disbursements from profit during year to 31 March 2015	Disbursements from profit during year to 31 March 2014	Change
Dividend distributions	**£1.57m**	£0.87m	80.5%
Group spend on pay (including Directors)	**£22.05m**	£19.53m	12.9%
Other payroll costs	**£7.60m**	£6.31m	20.4%

9) Implementation of policy in the coming year

The remuneration policy's implementation for the forthcoming year is summarised as follows:

Element	Policy
Structure	The main elements of Executive remuneration are: • Base salaries as follows: Malcolm Diamond (Executive Chairman) — £200,000 Jim Barker (Chief Executive Officer) — £250,000 Mark Belton (Group Finance Director) — £200,000 Geoff Budd (*TR* Europe Managing Director) — £190,000 Glenda Roberts (Group Sales Director) — £180,000 • Annual bonus scheme where maximum opportunity is 200% of base salary (100% cash; 100% equity deferred for three years) for each of the Executive Directors based on: Initial ROCE hurdle of WACC +2% (to be met before any bonus will be payable) Threshold of underlying diluted EPS growth of RPI + 5% (required as the minimum performance for any bonus to be paid) Any bonus awarded will be reduced by up to 15% should personal objectives, set so as to support the ongoing business strategy, not be achieved. Given their nature, objectives are commercially sensitive for both the year in question and subsequent years. • Non-Executive Directors fees Neil Chapman — £55,000 (retiring 16 June 2015) Jonathan Shearman — £50,000 Scott Mac Meekin — £45,000 Neil Warner — £55,000 (to be appointed 16 June 2015)
Pay for performance	The key principle for incentives is to provide a strong link between reward and Group performance to align the interests of Executives with those of shareholders.

Directors' remuneration report (continued)

10) Functioning of Remuneration Committee

The objective of the Remuneration Committee is to develop a remuneration policy for the Executive Directors and other key Executives that attracts, incentivises and retains them. Within this, the Committee has and will attempt to reward exceptional performance, defined as significant growth in EPS. This policy is reviewed on an annual basis.

The Committee is composed entirely of Non-Executive Directors. Members have no day-to-day involvement in the running of the business. Jonathan Shearman (Chairman) and Scott Mac Meekin have no personal financial interest in the Company. Neil Chapman (Senior Independent Director) is a shareholder as detailed in the tables above. No Executive Director sits on the Committee. The Remuneration Committee is formally constituted with written Terms of Reference. A copy of the Terms of Reference is available to shareholders by writing to the Company Secretary, whose details are set out on the inside back cover of this publication.

The Committee had four meetings during the year. All members of the Committee attended each of these meetings. On most occasions, the Executive Chairman and CEO were both invited to attend to ensure the Committee was in possession of all the relevant facts. During these meetings the Committee initially confirmed the remuneration structure for the year to 31 March 2015 and then considered any appropriate changes for the year to 31 March 2016 and beyond, including reflecting on shareholder feedback.

Alongside this, the Committee had additional meetings with PwC in their continued role as independent external advisors to seek their guidance on remuneration matters, including best practice with regard to any changes being considered and feedback from shareholders. The Committee continues to be pleased with the service offered by PwC which during the year cost the Group £0.02m. The Group also retains PwC with regard to taxation services and consulting services in the ordinary course of business of *Trifast*. The Committee believes that this does not create a conflict of interest and the advice they receive is independent and objective.

The Committee consults with the Company Secretary regarding issues on areas of remuneration and Corporate Governance. With regard to senior Executives in the Company (excluding Board Directors), the Committee also takes advice from the Executive Board.

11) Statement of AGM voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for any such vote will be sought and any actions in response detailed in the Chairman's letter.

The table below shows the actual voting on the 2014 Remuneration Report at the AGM held on 18 September 2014:

	Votes for	%	Votes against	%	Votes withheld
2014 Remuneration Report	51,220,854	78.0	14,414,584	21.9	24,330

The following table sets out actual voting in respect of the approval of the 2014 remuneration policy at the AGM held on 18 September 2014:

	Votes for	%	Votes against	%	Votes withheld
2014 remuneration policy	48,308,785	73.6	14,611,422	22.2	2,739,561

This report was approved by the Board of Directors and signed on its behalf by:

Jonathan Shearman
Chairman of the Remuneration Committee
15 June 2015

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law, and have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether they have been prepared in accordance with IFRSs as adopted by the EU
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU and applicable law, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its subsidiaries included in the consolidation taken as a whole
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy

On behalf of the Board

Mark Belton
Group Finance Director
15 June 2015

A strong financial performance

Revenue increased to
£154.74m

Return on capital employed (ROCE)
18.6%

Underlying diluted EPS
8.68p

Our Financials

Independent auditor's report

Opinions and conclusions arising from our audit

1) Our opinion on the financial statements is unmodified

We have audited the financial statements of *Trifast* plc for the year ended 31 March 2015 set out on pages 53 to 91. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU)
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

2) Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Carrying amount of inventory (£37.4m)

Refer to page 35 (Audit Committee Report), and page 74 (financial disclosures).

The risk – There is a risk over the recoverability of inventory due to changes in levels of demand and stock holdings. A significant proportion of the Group's inventory is manufactured to meet specific customer requirements. There is a risk over the recoverability of these balances if a customer experiences financial stress or there is a demand issue with a customer's product that includes a part manufactured by *Trifast*. Our audit focused on this customer specific inventory.

Our response – In relation to customer specific inventory, we performed the following:

- we analysed customer specific inventory balances by age and challenged the Group's assumptions of the expected usage based on our knowledge and experience of the industry in which the Group operates in order to assess the recoverability risk
- we inspected a sample of service level agreements to compare customers' minimum purchase commitments to year end inventory levels and considered any residual risk of recoverability if the agreement was terminated
- we tested the adequacy of the Group's provisions against inventory by assessing the Directors' assumptions, taking account of externally available data and post year end events
- we assessed whether old and slow moving inventory is provided against in accordance with the Group accounting policy, and we considered the reasonableness of the provision policy through historic trend analysis. We also inspected sales invoices to assess whether inventory is being sold at a higher value than cost by comparing the sales price against the value at which it is held in inventory
- we considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the inventory provision

Recoverability of intangible assets and goodwill (£32.2m)

Refer to page 35 (Audit Committee Report) and pages 70 to 72 (financial disclosures).

The risk – In recent years weakened demand in certain markets has meant that recoverability of the Group's intangible assets and goodwill presented a risk. Although the year began with improving demand, which has subsequently continued, we considered this still to be a potentially significant risk whilst the market conditions were still changing. In addition, with recoverability assessment dependent on inherently uncertain forecasting, it was therefore still a key judgemental area that our audit concentrated on.

Our response – In this area our audit procedures included:

- we tested the Group's budgeting procedures upon which the forecasts are based and the principles and integrity of the Group's discounted cash flow model
- we compared the Group's assumptions to externally derived data as well as our own assessments based on our knowledge of the client and experience of the industry in which it operates. Specifically we compared their assumptions with industry norms and external data sources in relation to key inputs such as projected economic growth, profitability and discount rates
- we performed sensitivity analyses for these key inputs and assumptions, and identified whether any cash generating units were particularly sensitive to impairment
- we assessed whether the Group's disclosures related to the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of intangible assets and goodwill

Acquisition accounting for Viterie Italia Centrale (VIC)

Refer to page 35 (Audit Committee Report), page 60 (accounting policy) and pages 88 to 89 (financial disclosures).

The risk – During the year the Group acquired VIC for a total consideration of €32m (£26m). Assessment of the fair value of the assets and liabilities acquired requires a level of judgement specifically in relation to the valuation of intangible assets, including the identification of all relevant contracts and consideration of other possible assets that could meet the definition of intangible assets for recognition under applicable accounting standards.

We consider these judgements to be potentially significant audit risks because of the inherent uncertainty involved in estimating the fair value of the assets and liabilities acquired and the judgement of identifying intangible assets with definite useful lives and goodwill with an indefinite useful life which will also impact future financial statements through amortisation.

Our response – Our audit procedures in relation to the acquisition of VIC included:

- we used our own valuation specialists to support us in critically challenging the valuations. We used externally derived data to challenge the key assumptions and methodologies used by the Group to identify the identifiable assets and liabilities acquired and determine their fair values. We assessed the completeness of the intangibles identified by considering the underlying current and prospective revenue streams in VIC
- we corroborated the explanations provided by the Group by comparing these assumptions to market data, our past experience of similar transactions, and, where available, supporting external documentation
- we considered the appropriateness of the accounting for measurement period adjustments made since the provisional accounting in the half year report for the six months ended 30 September 2014. We considered the presentation and disclosure of these material adjustments in the financial statements
- we have considered the adequacy of the disclosure of the acquisition in the accounts

3) Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £830,000, determined with reference to a benchmark of Group profit before taxation (of which it represents 7.0%).

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £40,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Of the Group's 20 reporting components, we subjected ten to full scope audits for Group reporting purposes which were performed by component auditors and the Group audit team at the key reporting components including UK, Singapore, Malaysia, Shanghai, Taiwan, Sweden and Holland. The Group audit team approved the component materialities, which ranged from £48,000 to £830,000, having regard for the size and risk profile of the Group across the components. For the VIC component in Italy, the KPMG local audit team conducted a review of financial information (including enquiry), reviewed the work of the auditor of VIC's statutory accounts, and performed specific risk-focused procedures over inventory as instructed by the Group audit team. In addition, the Group audit team performed the procedures over the acquisition accounting of VIC as described above. This combined approach covered 90% of Group revenue (77% via audit), 87% of the total profits and losses (73% via audit) that made up Group profit before tax, and 92% of Group total assets (85% via audit). For the remaining components, we performed analysis at a disaggregated level by location to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team held telephone conference meetings with component auditors to discuss in more detail the findings reported to the Group audit team, and any further work required by the Group audit team was then performed by the component auditor.

Independent auditor's report (continued)

4) Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006
- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the Group financial statements

5) We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy
- the Audit Committee report does not appropriately address matters communicated by us to the Audit Committee

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us
- the Parent Company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns
- certain disclosures of Directors' remuneration specified by law are not made
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 33, in relation to going concern
- the part of the Corporate Governance statement on pages 32 to 33 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' responsibilities statement set out on page 47, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Martin Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory auditor
Chartered Accountants
1 Forest Gate
Crawley
RH11 9PT
15 June 2015

Consolidated income statement

for the year ended 31 March 2015

	Note	2015 £000	2014 £000
Continuing operations			
Revenue	3	**154,741**	129,775
Cost of sales		**(109,866)**	(93,809)
Gross profit		**44,875**	35,966
Other operating income	4	**352**	312
Distribution expenses		**(3,108)**	(2,927)
Administrative expenses before separately disclosed items		**(26,845)**	(23,655)
IFRS2 charge	2, 22	**(741)**	(67)
Intangible amortisation	2, 12	**(551)**	(221)
Net acquisition costs	2, 30	**(750)**	—
Costs on exercise of executive share options	2	**(511)**	—
Release of closure provision for *TR* Formac (Suzhou) Co. Ltd	2	**94**	—
Total administrative expenses		**(29,304)**	(23,943)
Operating profit	5, 6, 7	**12,815**	9,408
Financial income	8	**97**	85
Financial expenses	8	**(1,063)**	(619)
Net financing costs		**(966)**	(534)
Profit before taxation	2, 3	**11,849**	8,874
Taxation	9	**(3,455)**	(2,276)
Profit for the period (attributable to equity shareholders of the Parent Company)		**8,394**	6,598
Earnings per share			
Basic	25	**7.39p**	6.08p
Diluted	25	**7.07p**	5.76p

The notes on pages 59 to 91 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2015

Group	2015 £000	2014 £000
Profit for the year	8,394	6,598
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(2,726)	(5,083)
Gains on a hedge of a net investment taken to equity	2,180	—
Other comprehensive expense recognised directly in equity	(546)	(5,083)
Total comprehensive income recognised for the year (attributable to the equity shareholders of the Parent Company)	7,848	1,515

Consolidated statement of changes in equity

for the year ended 31 March 2015

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2014	5,435	18,488	6,888	30,856	61,667
Total comprehensive income for the year:					
Profit for the year	–	–	–	8,394	8,394
Other comprehensive expense for the year	–	–	(546)	–	(546)
Total comprehensive (expense)/income recognised for the year	–	–	(546)	8,394	7,848
Issue of share capital (note 24)	374	2,490	–	–	2,864
Share based payment transactions (including tax)	–	–	–	870	870
Dividends (note 24)	–	–	–	(1,569)	(1,569)
Total transactions with owners	374	2,490	–	(699)	2,165
Balance at 31 March 2015	5,809	20,978	6,342	38,551	71,680

Consolidated statement of changes in equity

for the year ended 31 March 2014

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2013	5,412	18,427	11,971	24,612	60,422
Total comprehensive income for the year:					
Profit for the year	–	–	–	6,598	6,598
Other comprehensive expense for the year	–	–	(5,083)	–	(5,083)
Total comprehensive (expense)/income recognised for the year	–	–	(5,083)	6,598	1,515
Issue of share capital (note 24)	23	61	–	–	84
Share based payment transactions (including tax)	–	–	–	513	513
Dividends (note 24)	–	–	–	(867)	(867)
Total transactions with owners	23	61	–	(354)	(270)
Balance at 31 March 2014	5,435	18,488	6,888	30,856	61,667

Company statement of changes in equity

for the year ended 31 March 2015

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2014	5,435	18,488	1,521	5,404	30,848
Total comprehensive income for the year:					
Profit for the year	—	—	—	924	924
Total comprehensive income recognised for the year	—	—	—	924	924
Issue of share capital (note 24)	374	2,490	—	—	2,864
Share based payment transactions (including tax)	—	—	—	827	827
Dividends (note 24)	—	—	—	(1,569)	(1,569)
Total transactions with owners	374	2,490	—	(742)	2,122
Balance at 31 March 2015	5,809	20,978	1,521	5,586	33,894

Company statement of changes in equity

for the year ended 31 March 2014

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2013	5,412	18,427	1,521	3,108	28,468
Total comprehensive income for the year:					
Profit for the year	—	—	—	2,768	2,768
Total comprehensive income recognised for the year	—	—	—	2,768	2,768
Issue of share capital (note 24)	23	61	—	—	84
Share based payment transactions (including tax)	—	—	—	395	395
Dividends (note 24)	—	—	—	(867)	(867)
Total transactions with owners	23	61	—	(472)	(388)
Balance at 31 March 2014	5,435	18,488	1,521	5,404	30,848

Statements of financial position

at 31 March 2015

		Group		Company	
	Note	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Non-current assets					
Property, plant and equipment	10, 11	**15,623**	11,828	**2,424**	2,414
Intangible assets	12, 13	**32,162**	16,959	**—**	—
Equity investments	14	**—**	—	**34,700**	33,551
Deferred tax assets	15, 16	**1,272**	1,257	**491**	842
Total non-current assets		**49,057**	30,044	**37,615**	36,807
Current assets					
Inventories	17	**37,418**	30,574	**—**	—
Trade and other receivables	18	**39,864**	27,665	**25,509**	1,531
Cash and cash equivalents	19, 26	**15,453**	15,535	**1,292**	743
Total current assets		**92,735**	73,774	**26,801**	2,274
Total assets	3	**141,792**	103,818	**64,416**	39,081
Current liabilities					
Bank overdraft	19	**439**	31	**4,738**	3,700
Other interest-bearing loans and borrowings	20, 26	**11,906**	10,950	**1,809**	—
Trade and other payables	21	**34,482**	24,678	**8,384**	4,317
Tax payable		**1,927**	2,120	**—**	—
Provisions	23	**298**	124	**—**	—
Total current liabilities		**49,052**	37,903	**14,931**	8,017
Non-current liabilities					
Other interest-bearing loans and borrowings	20, 26	**16,523**	2,524	**15,374**	—
Provisions	23	**885**	938	**—**	—
Deferred tax liabilities	15, 16	**3,652**	786	**217**	216
Total non-current liabilities		**21,060**	4,248	**15,591**	216
Total liabilities	3	**70,112**	42,151	**30,522**	8,233
Net assets		**71,680**	61,667	**33,894**	30,848
Equity					
Share capital		**5,809**	5,435	**5,809**	5,435
Share premium		**20,978**	18,488	**20,978**	18,488
Reserves		**6,342**	6,888	**1,521**	1,521
Retained earnings		**38,551**	30,856	**5,586**	5,404
Total equity		**71,680**	61,667	**33,894**	30,848

The notes on pages 59 to 91 form part of these financial statements.

These financial statements were approved by the Board of Directors on 15 June 2015 and were signed on its behalf by:

Malcolm Diamond MBE
Director

James Barker
Director

Statements of cash flows

for the year ended 31 March 2015

	Note	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Cash flows from operating activities					
Profit for the year		**8,394**	6,598	**924**	2,768
Adjustments for:					
Depreciation, amortisation and impairment		**1,768**	1,323	**56**	57
Unrealised foreign currency loss/(gain)		**111**	—	**(1,255)**	—
Financial income		**(97)**	(85)	**(30)**	(33)
Financial expense		**1,063**	619	**492**	76
(Gain)/loss on sale of property, plant and equipment and investments		**(3)**	26	**—**	—
Dividends received		**—**	—	**(5,911)**	(5,843)
Equity settled share based payment charge/(credit)		**741**	67	**520**	(86)
Taxation		**3,455**	2,276	**432**	134
Operating cash inflow/(outflow) before changes in working capital and provisions		**15,432**	10,824	**(4,772)**	(2,927)
Change in trade and other receivables		**(9,187)**	(1,336)	**(180)**	44
Change in inventories		**(1,679)**	(1,605)	**—**	—
Change in trade and other payables		**2,080**	4,281	**437**	921
Change in provisions		**121**	(339)	**—**	(104)
Cash generated from/(used in) operations		**6,767**	11,825	**(4,515)**	(2,066)
Tax paid		**(4,639)**	(1,809)	**—**	—
Net cash from/(used in) operating activities		**2,128**	10,016	**(4,515)**	(2,066)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**25**	12	**—**	—
Interest received		**97**	85	**30**	33
Acquisition of subsidiary, net of cash acquired	30	**(16,240)**	—	**(19,645)**	—
Acquisition of property, plant and equipment	10, 11	**(1,414)**	(838)	**(66)**	(14)
Dividends received		**—**	—	**5,911**	5,843
Net cash (used in)/from investing activities		**(17,532)**	(741)	**(13,770)**	5,862
Cash flows from financing activities					
Proceeds from the issue of share capital, net of acquisition	24	**494**	84	**494**	84
Proceeds from new loan		**20,337**	—	**20,337**	—
Repayment of borrowings		**(3,347)**	(1,679)	**(974)**	—
Payment of finance lease liabilities		**31**	(51)	**—**	—
Dividends paid	24	**(1,569)**	(867)	**(1,569)**	(867)
Interest paid		**(1,063)**	(619)	**(492)**	(76)
Net cash from/(used in) financing activities		**14,883**	(3,132)	**17,796**	(859)
Net change in cash and cash equivalents		**(521)**	6,143	**(489)**	2,937
Cash and cash equivalents at 1 April	19	**15,504**	10,555	**(2,957)**	(5,894)
Effect of exchange rate fluctuations on cash held		**31**	(1,194)	**—**	—
Cash and cash equivalents at 31 March	19	**15,014**	15,504	**(3,446)**	(2,957)

Notes to the financial statements

(forming part of the Financial Statements)

1 Accounting policies

a) Significant accounting policies

Trifast plc ('the Company') is a company incorporated in the United Kingdom. The registered office details are on page 109.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The Parent Company financial statements present information about the Company as a separate entity and not about its Group. The profit after tax for the Company is £0.92m (2014: £2.77m).

Statement of compliance

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs') except as explained below:

On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group and Parent Company financial statements.

b) Basis of preparation

The financial statements are prepared in Sterling, rounded to the nearest thousand. They are prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the accounting policies below.

The preparation of the financial statements requires management to make judgements, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects current and future periods.

Judgements made by management in the application of Adopted IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 32.

Going concern

A review of the business activity and future prospects of the Group are covered in the Strategic report on pages 1 to 22. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are specifically described in the Business and Finance report on pages 9 to 13. Detailed information regarding the Group's current facility levels, liquidity, credit, interest and foreign exchange risk are provided in note 26.

Current trading and forecasts show that the Group will continue to be profitable and generate cash. The banking facilities and covenants that are in place provide appropriate headroom against our forecasts.

Considering the current forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii) Transactions eliminated on consolidation

Intra-Group balances, and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

d) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the financial statements (continued)

(forming part of the financial statements)

1 Accounting policies continued

ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Sterling at average rates of exchange for the period, where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity, the translation reserve. They are released into the income statement as part of the gain or loss on disposal.

e) Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity in the translation reserve. The ineffective portion is recognised immediately in the income statement. The effective portion is recycled and recognised in the income statement upon disposal of the operation.

f) Property, plant and equipment

i) Owned assets

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy (j)).

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 April 2004, the date of transition to Adopted IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of transition.

ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates are as follows:

Freehold and long leasehold buildings	—	2% per annum on a straight-line basis or the period of the lease
Short leasehold properties	—	period of the lease
Motor vehicles	—	20–25% on a straight-line basis
Plant and machinery	—	10–20% per annum on a straight-line basis
Fixtures, fittings and office equipment	—	10–25% per annum on a straight-line basis

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. Where relevant, residual values are reassessed annually.

iii) Leased assets

The rental charges on assets held under operating leases are taken to the profit and loss account on a straight-line basis over the life of the lease.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described in accounting policy (o).

iv) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

g) Intangible assets

i) On business combinations

All business combinations are accounted for by applying the acquisition method. In respect of business combinations that have occurred since 1 April 2004, goodwill represents the difference between the fair value of the consideration transferred and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. For non-equity amounts any subsequent changes to the fair value are recognised in the profit and loss.

Positive goodwill arising on acquisitions is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see accounting policy (j)).

1 Accounting policies continued

Goodwill arising on acquisitions before 1 April 1998 was written off to reserves in the year of acquisition. Under IFRS1 and IFRS3, this goodwill will now remain eliminated against reserves. Goodwill arising on acquisitions after 1 April 1998 but before 31 March 2004 is included on the basis of its deemed cost, which represents the amortised amount recorded under UK GAAP as at 31 March 2004. The classification and accounting treatment of business combinations that occurred prior to 1 April 2004 has not been reconsidered in preparing the Group's year-end balance sheets.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

ii) Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (j)).

Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

iv) Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested systematically for impairment at each annual balance sheet date.

The amortisation rates of other intangible assets per annum are as follows:

Customer relationships	—	6.7% to 12.5%
Technology	—	6.7% to 10%
Other	—	20% to 33%

h) Non-derivative financial instruments

i) Investments in subsidiaries

Investments in subsidiaries are held in the Company balance sheet at historic cost net of any impairment (see accounting policy (j)).

ii) Trade and other receivables

Trade and other receivables are recognised initially at their fair value, and subsequently at amortised cost less impairment losses (see accounting policy (j)).

iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents only for the purpose of the Statements of cash flows.

iv) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

v) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequently they are measured at amortised cost.

i) Inventories

Inventories are stated at the lower of cost and net realisable value with provision being made for obsolete and slow moving items. In determining the cost of raw materials, consumables and goods purchased for resale, a first-in first-out purchase price is used and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads based on normal operating capacity.

j) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (i)), and deferred tax assets (see accounting policy (p)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Financial assets are considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset.

For goodwill and other intangible assets that have an indefinite useful life, the recoverable amount is estimated at each annual balance sheet date.

Notes to the financial statements (continued)

(forming part of the financial statements)

1 Accounting policies continued

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement unless the asset is recorded at a revalued amount in which case it is treated as a revaluation decrease.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

i) Calculation of recoverable amount

The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed. An impairment loss on any other asset is assessed at each reporting date and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Share capital

(i) Dividends

Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

ii) Classification of share capital issued by the Group

Share capital issued by the Group is treated as equity as it is a non-derivative that confers no contractual obligations upon the Company or the Group to deliver cash or other financial assets with another party under conditions that are potentially unfavourable.

l) Employee benefits

i) Defined contribution plans

The Group operates Defined Contribution Pension Schemes which include stakeholder pension plans. The assets of these schemes are held separately from those of the Group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period. The Group pays fixed contributions and will have no legal or constructive obligation to pay further amounts.

ii) Share based payment transactions

Share based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using a valuation model, taking into account the terms and conditions upon which they were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the Company grants awards over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity. Amounts recharged to the subsidiary are recognised as a reduction in the cost of investment in the subsidiary.

iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to terminate employment before the normal retirement date.

m) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

1 Accounting policies continued

n) Revenue

Revenue from the sale of goods rendered is recognised net of VAT in the consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyer. In accordance with normal practice, this will be on dispatch of goods.

o) Expenses

i) Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested. Interest income is recognised in the consolidated income statement as it accrues, using the effective interest method. Net finance costs also include the amortisation of arrangement fees and related costs.

p) Taxation

Tax on the profit or loss for the period presented comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend. Information as to the calculation of income tax on the profit or loss for the period presented is included in note 9.

q) Operating segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular geographical economic environment whose operating results are reviewed regularly by the Group's Chief Operating Decision Maker (the Board) in order to allocate resources and assess its performance and for which discrete financial information is available.

The Group operates in a number of geographical economic environments. The Company only operates in one business segment, being the manufacture and logistical supply of industrial fasteners and category 'C' components.

r) Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and deferred equity awards granted to employees.

Notes to the financial statements (continued)

(forming part of the financial statements)

1 Accounting policies continued

t) Underlying measure of profits and losses

The Group believes that underlying operating profit and underlying profit before tax provide additional guidance to statutory measures to help understand the underlying performance of the business during the financial period. The term 'underlying' is not defined under International Financial Reporting Standards. It is a measure that is used by management to assess the underlying performance of the business internally and is not intended to be a substitute measure for Adopted IFRSs' GAAP measures. The Group defines these underlying measures as follows:

Underlying profit before tax is profit before taxation and separately disclosed items (see note 2).

Underlying profit after tax is used in the calculation of underlying earnings per share.

Underlying operating and segment results (see note 3) are operating and segment profit before separately disclosed items.

It should be noted that the definitions of underlying items being used in these financial statements are those used by the Group and may not be comparable with the term 'underlying' as defined by other companies within the same sector or elsewhere.

Separately disclosed items are included within the income statement caption to which they relate.

u) Separately disclosed items (see note 2)

Separately disclosed items are those significant items which in management's judgement should be highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

2 Underlying profit before tax and separately disclosed items

	Note	2015 £000	2014 £000
Underlying profit before tax		**14,308**	9,162
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge	22	**(741)**	(67)
Intangible amortisation	12	**(551)**	(221)
Net acquisition costs	30	**(750)**	—
Costs on exercise of executive share options		**(511)**	—
Release of closure provision for *TR* Formac (Suzhou) Co. Ltd		**94**	—
Profit before tax		**11,849**	8,874

There were no separately disclosed items in 2015 (2014: £nil) other than the amounts detailed above.

During the period the IFRS2 charge increased significantly reflecting the new Employee Share Plan and SAYE schemes approved at the AGM on 18 September 2014. £0.37m and £0.23m represent the IFRS2 charge on deferred equity bonuses awarded to the Executives for YE 2014 and YE 2015 respectively and £0.14m was in relation to SAYE.

The increase in the intangible amortisation charge has arisen primarily due to the purchase of customer relationships, technology know-how and technology patents on the acquisition of VIC.

The total acquisition costs in relation to VIC amounted to £1.20m, however under IAS21 any exchange gain/loss recognised on deferred consideration must be shown in the income statement rather than as a reduction in total consideration. During the period, this amounted to a £0.45m gain due to the weakening of the Euro, resulting in net acquisition costs of £0.75m.

In 2009, when the share price had hit its historic low of 7.5p, a new Board was formed to transform the business and, as an incentive, up to 5.75m share options at 8.5p were approved by shareholders. During the year under review 3.75m shares were exercised leaving 2.00m still outstanding. The Company incurred £0.51m on employer national insurance costs in relation to these exercises.

In FY March 2011, the Group provided and disclosed £0.63m of closure costs as a separately disclosed item in relation to our Chinese manufacturing plant in Suzhou. This process has now been completed and £0.09m was the surplus identified.

3 Operating segmental analysis

Segment information, as discussed in note 1 (q), is presented in the consolidated financial statements in respect of the Group's geographical segments. This reflects the Group's management and internal reporting structure, and the operating basis on which individual operations are reviewed by the Chief Operating Decision Maker (the Board).

Performance is measured based on each segment's underlying profit before finance costs and income tax as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. This is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the industry.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Goodwill and intangible fixed assets acquired on business combinations outside of Asia are included within 'common' segment assets. This reflects the internal management reports that are reviewed by the Chief Operating Decision Maker.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical operating segments

The Group is comprised of the following main geographical operating segments:

— UK
— Europe: includes Norway, Sweden, Hungary, Ireland, Holland, Italy and Poland
— USA: includes USA and Mexico
— Asia: includes Malaysia, China, Singapore, Taiwan, Thailand and India

In presenting information on the basis of geographical operating segments, segment revenue and segment assets are based on the geographical location of our entities across the world, and are consolidated into the four distinct geographical regions, which the Board use to monitor and assess the Group.

March 2015	UK £000	Europe £000	USA £000	Asia £000	Common costs £000	Total £000
Revenue						
Revenue from external customers	65,463	46,316	4,311	38,651	—	154,741
Inter segment revenue	1,935	413	62	5,496	—	7,906
Total revenue	67,398	46,729	4,373	44,147	—	162,647
Underlying operating result	5,832	6,461	327	5,731	(3,077)	15,274
Net financing costs	(308)	(125)	(1)	(58)	(474)	(966)
Underlying segment result	5,524	6,336	326	5,673	(3,551)	14,308
Separately disclosed items (see note 2)						(2,459)
Profit before tax						11,849
Specific disclosure items						
Depreciation and amortisation	170	202	16	837	543	1,768
Assets and liabilities						
Segment assets	39,051	29,303	2,267	50,222	20,949	141,792
Segment liabilities	(24,423)	(9,763)	(413)	(11,878)	(23,635)	(70,112)

Notes to the financial statements (continued)

(forming part of the financial statements)

3 Operating segmental analysis continued

March 2014	UK £000	Europe £000	USA £000	Asia £000	Common costs £000	Total £000
Revenue						
Revenue from external customers	63,237	25,365	2,817	38,356	—	129,775
Inter segment revenue	1,584	441	99	5,425	—	7,549
Total revenue	64,821	25,806	2,916	43,781	—	137,324
Underlying operating result	5,460	1,726	247	5,270	(3,007)	9,696
Net financing costs	(359)	(33)	(1)	(98)	(43)	(534)
Underlying segment result	5,101	1,693	246	5,172	(3,050)	9,162
Separately disclosed items (see note 2)						(288)
Profit before tax						8,874
Specific disclosure items						
Depreciation and amortisation	146	47	13	907	210	1,323
Assets and liabilities						
Segment assets	36,615	11,539	1,531	47,296	6,837	103,818
Segment liabilities	(23,843)	(3,562)	(143)	(12,036)	(2,567)	(42,151)

There was no material difference in the UK, Europe and USA regions between the external revenue based on location of the entities and the location of the customers. Of the Asian external revenue, £3.59m (2014: £3.08m) was sold into the American market and £5.92m (2014: £5.54m) sold into the European market.

Revenue is derived solely from the manufacture and logistical supply of industrial fasteners and category 'C' components.

4 Other operating income

	2015 £000	2014 £000
Rental income received from freehold properties	**155**	163
Other income	**197**	149
	352	312

5 Expenses and auditor's remuneration

Included in profit for the year are the following:

	Note	**2015 £000**	2014 £000
Depreciation	10	**1,217**	1,102
Amortisation of acquired intangibles	12	**551**	221
Operating lease expense		**2,529**	2,342
(Gain)/loss on disposal of fixed assets		**(3)**	26

Auditor's remuneration:

	2015 £000	2014 £000
Audit of these financial statements	**41**	40
Audit of financial statements of subsidiaries pursuant to legislation	**183**	153
Taxation compliance services	**44**	26
Other assurance services	**22**	30
Other services relating to transaction services	**309**	175

6 Staff numbers and costs

The average number of people employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Group Number of employees 2015	2014
Office and management	**104**	93
Manufacturing	**308**	274
Sales	**176**	157
Distribution	**577**	514
	1,165	1,038

The aggregate payroll costs of these people were as follows:

	Group 2015 £000	2014 £000
Wages and salaries (including bonus)	**25,842**	22,437
Share based payments	**741**	67
Social security costs	**2,255**	1,876
Contributions to defined contribution plans (see note 22)	**1,547**	1,525
	30,385	25,905

7 Directors' emoluments

	2015 £000	2014 £000
Directors' emoluments	**2,269**	1,799
Deferred equity (face value)	**1,020**	890
Company contributions to money purchase pension plans	**114**	95
	3,403	2,784

The emoluments of individual Directors are shown in the Remuneration Report on pages 39 to 46.

The aggregate of emoluments of the highest paid Director was £0.77m, which included deferred equity (at face value) of £0.25m (2014: £0.23m), and Company pension contributions of £nil (2014: £nil) were made to a money purchase scheme on his behalf. During the year, the highest paid Director exercised one million share options (2014: none).

The annual IFRS2 charge relating to Board deferred equity bonuses given in 2014 and 2015 was £0.51m (2014: £nil). The highest paid Director's element of this charge was £0.13m (2004: £nil).

	Number of Directors 2015	2014
Retirement benefits are accruing to the following number of Directors under money purchase schemes	**3**	3
The number of Directors who exercised share options was	**6**	—

See pages 39 to 46 of the Remuneration Report for more details.

Directors' rights to subscribe for shares in the Company are also set out in the Remuneration report.

8 Financial income and expense

	2015 £000	2014 £000
Financial income		
Interest income on financial assets	**97**	85
Financial expenses		
Interest payable on bank loans and hire purchase liabilities	**1,063**	619

Notes to the financial statements (continued)

(forming part of the financial statements)

9 Taxation

Recognised in the income statement	2015 £000	2014 £000
Current UK tax expense:		
Current year	580	510
Adjustments for prior years	77	53
	657	563
Current foreign tax expense:		
Current year	3,223	1,603
Adjustments for prior years	56	15
	3,279	1,618
Total current tax	3,936	2,181
Deferred tax expense (note 15):		
Origination and reversal of temporary differences	(473)	49
Adjustments for prior years	(8)	46
Deferred tax (income) expense	(481)	95
Tax in Income statement	3,455	2,276

Tax recognised directly in equity	2015 £000	2014 £000
Current tax recognised directly in equity — IFRS2 share based tax credit	(579)	(41)
Deferred tax recognised directly in equity — IFRS2 share based tax charge/(credit)	450	(506)
Total tax recognised in equity	(129)	(547)

Reconciliation of effective tax rate ('ETR') and tax expense	2015 £000	ETR %	2014 £000	ETR %
Profit for the period	8,394		6,598	
Tax from continuing operations	3,455		2,276	
Profit before tax	11,849		8,874	
Tax using the UK corporation tax rate of 21% (2014: 23%)	2,488	21	2,041	23
Tax suffered on dividends	171	1	115	1
Non-deductible expenses	236	2	247	3
Non-taxable receipts	(184)	(2)	—	—
IFRS2 share option credit	(19)	—	(4)	—
Deferred tax assets not recognised	289	3	(130)	(1)
Different tax rates on overseas earnings	347	3	(182)	(2)
Adjustments in respect of prior years	125	1	114	1
Tax rate change	2	—	75	1
Total tax in income statement	3,455	29	2,276	26

The UK Government has reduced the UK corporation tax rate to 20% with effect from 1 April 2015 and these reductions have been reflected in the measurement of deferred tax balances.

10 Property, plant and equipment — Group

	Land and buildings £000	Leasehold improvements £000	Plant and equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2013	11,264	871	17,865	4,790	300	35,090
Additions	122	54	434	195	33	838
Disposals	—	(13)	(653)	(578)	(37)	(1,281)
Effect of movements in foreign exchange	(945)	(45)	(1,789)	(179)	(32)	(2,990)
Balance at 31 March 2014	10,441	867	15,857	4,228	264	31,657
Balance at 1 April 2014	10,441	867	15,857	4,228	264	31,657
Additions	92	1	723	558	40	1,414
Acquisitions (see note 30)	5,754	—	8,120	325	287	14,486
Disposals	—	—	(287)	(229)	(11)	(527)
Effect of movements in foreign exchange	(667)	20	(748)	(25)	(24)	(1,444)
Balance at 31 March 2015	**15,620**	**888**	**23,665**	**4,857**	**556**	**45,586**
Depreciation and impairment						
Balance at 1 April 2013	2,031	529	14,569	4,410	191	21,730
Depreciation charge for the year	172	62	724	106	38	1,102
Disposals	—	(13)	(645)	(551)	(34)	(1,243)
Effect of movements in foreign exchange	(107)	(29)	(1,449)	(155)	(20)	(1,760)
Balance at 31 March 2014	2,096	549	13,199	3,810	175	19,829
Balance at 1 April 2014	2,096	549	13,199	3,810	175	19,829
Depreciation charge for the year	215	66	742	145	49	1,217
Acquisitions (see note 30)	2,128	—	7,840	299	269	10,536
Disposals	—	—	(287)	(228)	(10)	(525)
Effect of movements in foreign exchange	(242)	14	(807)	(32)	(27)	(1,094)
Balance at 31 March 2015	**4,197**	**629**	**20,687**	**3,994**	**456**	**29,963**
Net book value						
At 1 April 2013	9,233	342	3,296	380	109	13,360
At 31 March 2014	8,345	318	2,658	418	89	11,828
At 31 March 2015	**11,423**	**259**	**2,978**	**863**	**100**	**15,623**

Included in the net book value of land and buildings is £10.15m (2014: £7.08m) of freehold land and buildings, and £1.27m (2014: £1.27m) of long leasehold land and buildings.

Notes to the financial statements (continued)

(forming part of the financial statements)

11 Property, plant and equipment — Company

	Land and buildings £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 April 2013	3,497	753	4,250
Additions	—	14	14
Balance at 31 March 2014	3,497	767	4,264
Balance at 1 April 2014	3,497	767	4,264
Additions	66	—	66
Disposals	—	(198)	(198)
Balance at 31 March 2015	**3,563**	**569**	**4,132**
Depreciation and impairment			
Balance at 1 April 2013	1,047	746	1,793
Depreciation charge for the year	54	3	57
Balance at 31 March 2014	1,101	749	1,850
Balance at 1 April 2014	1,101	749	1,850
Depreciation charge for the year	54	2	56
Disposals	—	(198)	(198)
Balance at 31 March 2015	**1,155**	**553**	**1,708**
Net book value			
At 1 April 2013	2,450	7	2,457
At 31 March 2014	2,396	18	2,414
At 31 March 2015	**2,408**	**16**	**2,424**

Included in the net book value of land and buildings is £2.41m (2014: £2.40m) of freehold land and buildings.

12 Intangible assets — Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 2013	31,562	3,028	34,590
Effect of movements in foreign exchange	(1,510)	(89)	(1,599)
Balance at 31 March 2014	30,052	2,939	32,991
Balance at 1 April 2014	30,052	2,939	32,991
Acquisitions (see note 30)	9,255	8,108	17,363
Effect of movements in foreign exchange	(629)	(899)	(1,528)
Balance at 31 March 2015	**38,678**	**10,148**	**48,826**
Amortisation and impairment			
Balance at 1 April 2013	14,130	2,094	16,224
Amortisation for the year	—	221	221
Effect of movements in foreign exchange	(400)	(13)	(413)
Balance at 31 March 2014	13,730	2,302	16,032
Balance at 1 April 2014	13,730	2,302	16,032
Amortisation for the year	—	551	551
Effect of movements in foreign exchange	105	(24)	81
Balance at 31 March 2015	**13,835**	**2,829**	**16,664**
Net book value			
At 1 April 2013	17,432	934	18,366
At 31 March 2014	16,322	637	16,959
At 31 March 2015	**24,843**	**7,319**	**32,162**

The amortisation charge is recognised in administrative expenses in the income statement.

Other intangible assets are made up of:

- Customer relationships acquired as part of the acquisition of PSEP. The remaining amortisation period left on these assets is 8.75 years
- Customer relationships, technology know-how and technology patents acquired as part of the acquisition of VIC. The average remaining amortisation period on these assets is 12.28 years (maximum 14.17 years)

12 Intangible assets — Group continued

There were £nil impairments made during 2015 (2014: £nil).

The following cash generating units have significant carrying amounts of goodwill:

	2015 £000	2014 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**9,296**	9,029
TR Fastenings AB (Sweden)	**1,063**	1,063
Lancaster Fastener Company Ltd (UK)	**1,245**	1,245
Serco Ryan Ltd (within *TR* Fastenings Ltd) (UK)	**4,083**	4,083
Power Steel and Electro-Plating Works SDN Bhd (PSEP) (Malaysia)	**821**	798
Viterie Italia Centrale (VIC) (Italy)	**8,231**	—
Other	**104**	104
	24,843	16,322

The Group tests goodwill annually for impairment. The recoverable amount of cash generating units is determined from value in use calculations.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. In this method, the free cash flows after funding internal needs of the subject company are forecast for a finite period of four years based on actual operating results, budgets and economic market research. Beyond the finite period, a terminal (residual) value is estimated using an assumed stable cash flow figure.

The values assigned to the key assumptions represent management's assessment of future trends in the fastenings market and are based on both external and internal sources of historical data.

The recoverable amount of Special Fasteners Engineering Co. Ltd (Taiwan), Viterie Italia Centrale (Italy) and Serco Ryan Ltd (within *TR* Fastenings Ltd) (UK) have been calculated with reference to the key assumptions shown below:

	SFE		VIC		Serco	
	2015	2014	**2015**	2014	**2015**	2014
Long term growth rate	**3.0%**	4.0%	**2.0%**	—	**2.0%**	3.0%
Discount rate — post-tax	**9.6%**	10.0%	**11.3%**	—	**8.9%**	12.0%
Discount rate — pre-tax	**11.6%**	12.1%	**16.5%**	—	**11.1%**	16.0%

Long term growth rate

Four year management plans are used for the Group's value in use calculations. Long term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP rates for the country of operation
- the long term compound annual growth rate in EBITDA in years six to ten estimated by management

Post-tax risk adjusted discount rate

The discount rate applied to the cash flows of each of the Group's operations is based on the Weighted Average Cost of Capital ('WACC') (using post-tax numbers). The cost of equity element uses the risk free rate for ten year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company.

In making this adjustment, inputs required are the equity market risk premium (that is, the increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.

In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk to each of the Group's operations determined using an average of the betas of comparable listed fastener distribution and manufacturing companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration studies by independent economists, the average equity market risk premium over the past ten years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.

The table above discloses the discount rate on a post and pre-tax basis. This takes into account certain components such as the various discount rates reflecting different risk premiums and tax rates in the respective regions. Overall, the Board is confident that the discount rate adequately reflects the circumstances in each location and is in accordance with IAS36.

Notes to the financial statements (continued)
(forming part of the financial statements)

12 Intangible assets — Group continued

The £0.02m and £0.27m increase in the goodwill of PSEP and SFE respectively refer to foreign exchange gains as these investments are held in Singapore Dollars within *TR* Asia Investment Holdings PTE Ltd.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash generating unit to exceed its recoverable amount.

13 Intangible assets — Company

	Other £000
Cost	
Balance at 1 April 2013, 31 March 2014 and 31 March 2015	62
Amortisation and impairment	—
Balance at 1 April 2013, 31 March 2014 and 31 March 2015	62
Net book value	
At 1 April 2013, 31 March 2014 and 31 March 2015	—

14 Equity investments — Company

Investments in subsidiaries

	£000
Cost	
Balance at 1 April 2013 and 31 March 2014	41,436
Additions	27,231
Disposals	(26,082)
Balance at 31 March 2015	42,585
Provision	
Balance at 1 April 2013, 31 March 2014 and 31 March 2015	7,885
Net book value	
At 1 April 2013 and 31 March 2014	33,551
At 31 March 2015	**34,700**

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included in note 33.

All subsidiaries have a reporting date concurrent with *Trifast* plc, except VIC and *TR* Formac (Shanghai) Pte Ltd which have a reporting date of 31 December.

The addition in the year reflects the acquisition of VIC for €32m (see note 30). The subsequent disposal was the transfer of the investment from *Trifast* plc to its intermediary holding company *Trifast* Overseas Holdings Ltd.

15 Deferred tax assets and liabilities — Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Property, plant and equipment	**(163)**	(131)	**1,685**	1,218	**1,522**	1,087
Intangible assets	**—**	(10)	**2,274**	21	**2,274**	11
Inventories	**(571)**	(451)	**—**	—	**(571)**	(451)
Provisions	**(346)**	(221)	**203**	195	**(143)**	(26)
IFRS2	**(649)**	(1,042)	**—**	—	**(649)**	(1,042)
Tax value of loss c/fwd	**(53)**	(50)	**—**	—	**(53)**	(50)
Tax (assets)/liabilities	**(1,782)**	(1,905)	**4,162**	1,434	**2,380**	(471)
Tax set-off	**510**	648	**(510)**	(648)	**—**	—
Net tax (assets) liabilities	**(1,272)**	(1,257)	**3,652**	786	**2,380**	(471)

A potential £0.49m (2014: £0.81m) deferred tax asset relating to tax losses at *TR* Fastenings Inc. was not recognised on the grounds that recovery is uncertain. In addition, a potential £1.79m (2014: £1.29m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

	1 April 2014 £000	Recognised in income £000	Recognised on acquisitions £000	Recognised in equity^ £000	**31 March 2015 £000**
Property, plant and equipment	1,087	(167)	735	(133)	**1,522**
Intangible assets	11	8	2,529	(274)	**2,274**
Inventories	(451)	(138)	—	18	**(571)**
Provisions	(26)	(114)	—	(3)	**(143)**
IFRS2	(1,042)	(57)	—	450	**(649)**
Tax value of loss c/fwd	(50)	(13)	—	10	**(53)**
	(471)	(481)	3,264	68	**2,380**

Movement in deferred tax during the prior year

	1 April 2013 £000	Recognised in income £000	Recognised on acquisitions £000	Recognised in equity^ £000	31 March 2014 £000
Property, plant and equipment	935	241	—	(89)	1,087
Intangible assets	46	(35)	—	—	11
Inventories	(389)	(68)	—	6	(451)
Provisions	(323)	313	—	(16)	(26)
IFRS2	(317)	(320)	—	(405)	(1,042)
Tax value of loss c/fwd	(12)	(36)	—	(2)	(50)
	(60)	95	—	(506)	(471)

^ Amounts recognised in equity include the deferred tax on IFRS2 share based movements and the equity element of foreign exchange differences taken to reserves.

Notes to the financial statements (continued)

(forming part of the financial statements)

16 Deferred tax assets and liabilities — Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Property, plant and equipment	**—**	—	**217**	216	**217**	216
Provisions	**(2)**	(1)	**—**	—	**(2)**	(1)
IFRS2	**(489)**	(841)	**—**	—	**(489)**	(841)
Tax (assets)/liabilities	**(491)**	(842)	**217**	216	**(274)**	(626)

A potential £1.79m (2014: £1.29m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

	1 April 2014 £000	Recognised in income £000	Recognised in equity £000	**31 March 2015 £000**
Property, plant and equipment	216	1	—	**217**
Provisions	(1)	(1)	—	**(2)**
IFRS2	(841)	(52)	404	**(489)**
	(626)	(52)	404	**(274)**

Movement in deferred tax during the prior year

	1 April 2013 £000	Recognised in income £000	Recognised in equity £000	31 March 2014 £000
Property, plant and equipment	4	212	—	216
Provisions	(181)	180	—	(1)
IFRS2	(255)	(265)	(321)	(841)
	(432)	127	(321)	(626)

17 Inventories — Group

	2015 £000	2014 £000
Raw materials and consumables	**4,096**	2,962
Work in progress	**1,881**	1,057
Finished goods and goods for resale	**31,441**	26,555
	37,418	30,574

18 Trade and other receivables

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Trade receivables	**37,876**	26,330	**—**	—
Non trade receivables and prepayments	**1,988**	1,335	**51**	55
Amounts owed by subsidiary undertakings	**—**	—	**25,458**	1,476
	39,864	27,665	**25,509**	1,531

Details of the security held over receivables and inventories is provided in note 26.

19 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Cash and cash equivalents per Statement of financial position	15,453	15,535	1,292	743
Bank overdrafts per Statement of financial position	(439)	(31)	(4,738)	(3,700)
Cash and cash equivalents per Statements of cash flows	15,014	15,504	(3,446)	(2,957)

20 Other interest-bearing loans and borrowings

This note provides information about the Group and Company's interest-bearing loans and borrowings. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 26.

			Current		Non-current	
Initial loan value	Rate	Maturity	2015 £000	2014 £000	2015 £000	2014 £000
Group						
Asset based lending	LIBOR (+1.89% to 2.25%)	2015	8,605	9,504	—	—
PSEP acquisition loan	Fixed 3.14%	2016	1,484	1,441	1,113	2,522
Finance lease liabilities	Various	2015–19	8	5	36	2
Group and Company						
Facility A	EURIBOR	2019	1,809	—	15,374	—
VIC acquisition loan	(+1.65%)					
Total Group			11,906	10,950	16,523	2,524
Total Company			1,809	—	15,374	—

21 Trade and other payables

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade payables	17,147	14,370	—	—
Amounts payable to subsidiary undertakings	—	—	2,604	2,589
Contingent consideration	3,617	—	3,617	—
Non-trade payables and accrued expenses	12,354	9,077	2,160	1,702
Other taxes and social security	1,364	1,231	3	26
	34,482	24,678	8,384	4,317

Notes to the financial statements (continued)

(forming part of the financial statements)

22 Employee benefits

Pension plans

Defined contribution plans

The Group operates a number of defined contribution pension plans, which include stakeholder pension plans whose assets are held separately from those of the Group, in independently administered funds.

The total expense relating to these plans in the current year was £1.55m (2014: £1.53m) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pension contributions of £0.11m (2014: £0.10m), which are included in creditors.

Share based payments

The Group Share Options (including SAYE plans) provide for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting period is generally three, five or seven years. The options expire if they remain unexercised after the exercise period has lapsed. Furthermore, options are forfeited if the employee leaves the Group before the options vest, unless for retirement, redundancy or health reasons. The options are equity settled.

The number and weighted average exercise prices of share options are as follows:

	2015		2014	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of year	**7,725,656**	**0.14**	7,953,790	0.13
Granted during the year	**344,271**	**1.00**	290,828	0.49
Forfeited/lapsed during the year	**(12,060)**	**0.85**	(87,044)	0.53
Exercised during the year	**(4,489,906)**	**0.11**	(431,918)	0.19
Outstanding at the end of the year	**3,567,961**	**0.26**	7,725,656	0.14
Exercisable at the end of the year	**2,026,316**	**0.09**	5,811,466	0.09

The options outstanding at 31 March 2015 had a weighted average remaining contractual life of 3.6 years (2014: 4.5 years) and exercise prices ranging from £0.085 to £1.00 (2014: £0.085 to £0.825).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on Black Scholes, Binomial lattice and Monte Carlo models. The contractual life of the option is used as an input into this model.

The options granted in September 2009 are exercisable between September 2012 and September 2019 at an exercise price of £0.085 per share. They can only be exercised when the Company's share price has reached a minimum of £0.51, maintained as an average over the three month period preceding the Notice of Exercise; and the Company has achieved a minimum of 10% Return on Capital Employed.

Deferred equity bonus shares

The Board deferred equity bonus shares have been discussed in more detail in the Remuneration report (pages 39 to 46).

The number of deferred equity bonus shares is as follows:

	2015
Outstanding at beginning of year	**–**
2014 deferred equity bonus shares	**1,284,049**
2015 deferred equity bonus shares	**1,125,333**
Outstanding at end of year*	**2,409,382**

* The above includes 144,943 shares for 2015 and 185,282 for 2014 for T Tan (*TR* Asia MD), who does not sit on the main plc Board.

22 Employee benefits continued

These shares are subject to a three year service period and the fair value has been calculated using the Discounted Dividend Model. This is based on expected dividends over the three year term.

Date of Grant	Type of instrument	Valuation model	No. Out-standing on 31 March 2015	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk- free rate %	Expected annual dividend %	Fair value (£)
01/10/2008	SAYE 7 Year	Binomial	17,836	0.370	0.450	34.02	7.00	7.00	4.31	7.67	0.04
30/09/2009	Share Options	Monte Carlo	2,000,000	0.280	0.085	53.54	3.00	3.00	1.94	3.32	0.09
01/10/2009	SAYE 5 Year	Binomial	18,294	0.280	0.170	45.44	5.00	5.00	2.58	3.38	0.12
01/10/2009	SAYE 7 Year	Binomial	304,327	0.280	0.170	45.44	7.00	7.00	3.09	3.38	0.12
01/10/2010	SAYE 5 Year	Black Scholes	91,464	0.370	0.250	47.86	5.00	5.00	1.83	1.36	0.18
01/10/2010	SAYE 7 Year	Black Scholes	11,682	0.370	0.250	47.86	7.00	7.00	2.43	1.36	0.20
01/10/2011	SAYE 3 Year	Black Scholes	8,022	0.410	0.450	47.63	3.00	3.00	0.54	0.00	0.12
01/10/2011	SAYE 5 Year	Black Scholes	8,226	0.410	0.450	47.63	5.00	5.00	0.56	0.00	0.16
01/10/2011	SAYE 7 Year	Black Scholes	7,920	0.410	0.450	47.63	7.00	7.00	0.56	0.00	0.19
01/10/2012	SAYE 3 Year	Black Scholes	433,520	0.460	0.350	48.08	3.00	3.00	0.79	1.09	0.18
01/10/2012	SAYE 5 Year	Black Scholes	47,139	0.460	0.350	48.08	5.00	5.00	1.37	1.09	0.21
01/10/2012	SAYE 7 Year	Black Scholes	14,080	0.460	0.350	48.08	7.00	7.00	1.93	1.09	0.24
01/10/2013	SAYE 3 Year	Black Scholes	242,640	0.680	0.500	46.06	3.00	3.00	0.85	1.19	0.27
01/10/2013	SAYE 5 Year	Black Scholes	27,000	0.680	0.500	46.06	5.00	5.00	1.55	1.19	0.31
01/10/2014	SAYE 3 Year	Black Scholes	221,580	1.050	1.000	35.76	3.00	3.00	1.23	1.33	0.26
01/10/2014	SAYE 5 Year	Black Scholes	114,231	1.050	1.000	35.76	5.00	5.00	1.73	1.33	0.33
	Total Share Options		3,567,961								
18/09/2014	Deferred equity	DDM^	1,284,049	1.050	n/a	n/a	2.53	2.53	n/a	1.33	1.02
31/03/2015	Deferred equity	DDM^	1,125,333	1.030	n/a	n/a	3.00	3.00	n/a	1.55	0.98
	Total		**5,977,343**								

^ Discounted Dividend Model.

Expected volatility was determined by calculating the historical volatility of the Group's share price over one, two and three years back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total charges of £0.74m and £0.07m in relation to equity settled share based payment transactions in 2015 and 2014 respectively.

Notes to the financial statements (continued)

(forming part of the financial statements)

22 Employee benefits continued

As at 31 March 2015, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
01/10/08/SAYE	17,836	Oct 2015
01/10/09/SAYE	322,621	Oct 2014, 2016
30/09/09/Executive	2,000,000	Sep 2012 – Sep 2019
01/10/10/SAYE	103,146	Oct 2015, 2017
01/10/11/SAYE	24,168	Oct 2014, 2016, 2018
01/10/12/SAYE	494,739	Oct 2015, 2017, 2019
01/10/13/SAYE	269,640	Oct 2016, 2018
01/10/14/SAYE	335,811	Oct 2017, 2019
Total outstanding options	3,567,961	
Deferred equity bonus shares	2,409,382	Mar 2017, 2018
Total	**5,977,343**	

All options require continued employment from grant date to the later of vesting date or exercise date.

23 Provisions

Group	Indemnified legal claims £000	Restructuring costs £000	Dilapidations £000	Total £000
Balance at 31 March 2014	—	89	973	1,062
On acquisition (see note 30)	302	—	—	302
Provisions made during the year	47	—	48	95
Provisions utilised during the year	(207)	(11)	(36)	(254)
Effects of movement in foreign exchange	(22)	—	—	(22)
Balance at 31 March 2015	**120**	**78**	**985**	**1,183**

The indemnified legal claims provisions relate to historic claims in VIC, see note 30. In compliance with IFRS3, an equal indemnity asset, provided by the vendors as part of the sale and purchase agreement, has been recognised against these provisions, see note 28. Amounts are expected to be utilised within the next 12 months.

The restructuring provision relates to onerous leases arising from 'right-sizing' of our portfolio of properties within the UK.

Dilapidations also relate to properties. Both will be utilised on vacation of the respective properties.

All amounts represent a best estimate of the expected cash outflows although actual amounts paid could be lower or higher.

Group	Indemnified legal claims £000	Restructuring costs £000	Dilapidations £000	2015 Total £000	2014 Total £000
Non-current (greater than 1 year)	—	—	885	**885**	938
Current (less than 1 year)	120	78	100	**298**	124
Balance at 31 March	120	78	985	**1,183**	1,062

In respect of the Company there are £nil provisions (2014: £nil).

24 Capital and reserves

Capital and reserves — Group and Company

See Statements of changes in equity on pages 55 to 56.

Reserves

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

The merger reserve has arisen under Section 612 Companies Act 2006 and is a non-distributable reserve.

Share capital

	Number of ordinary shares	
	2015	2014
In issue at 1 April	**108,684,180**	108,230,910
Shares issued	**7,489,906**	453,270
In issue at 31 March — fully paid	**116,174,086**	108,684,180

On 30 May 2014 the Company issued three million shares for £2.37m as part consideration of the acquisition of VIC (see note 30).

The total number of shares issued during the year was 7,489,906 for a consideration of £2.86m (2014: 453,270 shares for £0.08m). Excluding the VIC acquisition, this was settled in cash.

	2015 £000	2014 £000
Allotted, called up and fully paid		
Ordinary shares of 5p each	**5,809**	5,435

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

During the year the following dividends were recognised and paid by the Group:

	2015 £000	2014 £000
Final paid 2014 — 1.00p (2013: 0.80p) per qualifying ordinary share	**1,135**	867
Interim paid 2014 — 0.40p (2013: nil) per qualifying ordinary share	**434**	—
	1,569	867

After the balance sheet date a final dividend of 1.50p per qualifying ordinary share (2014: 1.00p) was proposed by the Directors and an interim dividend of 0.60p (2014: 0.40p) was paid in April 2015.

	2015 £000	2014 £000
Final proposed 2015 — 1.50p (2014: 1.00p) per qualifying ordinary share	**1,743**	1,135
Interim paid 2015 — 0.60p (2014: 0.40p) per qualifying ordinary share	**697**	434
	2,440	1,569

Subject to Shareholder approval at the Annual General Meeting which is to be held on 16 September 2015, the final dividend will be paid on 16 October 2015 to members on the register at the close of business on 18 September 2015. The ordinary shares will become ex-dividend on 17 September 2015.

Notes to the financial statements (continued)

(forming part of the financial statements)

25 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2015 was based on the profit attributable to ordinary shareholders of £8.39m (2014: £6.60m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2015 of 113,540,187 (2014: 108,533,645), calculated as follows:

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at 1 April	**108,684,180**	108,230,910
Effect of shares issued	**4,856,007**	302,735
Weighted average number of ordinary shares at 31 March	**113,540,187**	108,533,645

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2015 was based on profit attributable to ordinary shareholders of £8.39m (2014: £6.60m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2015 of 118,768,522 (2014: 114,485,387), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2015	2014
Weighted average number of ordinary shares at 31 March	**113,540,187**	108,533,645
Effect of share options on issue	**5,228,335**	5,951,742
Weighted average number of ordinary shares (diluted) at 31 March	**118,768,522**	114,485,387

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options and deferred equity awards were outstanding.

Underlying earnings per share

		2015 EPS			2014 EPS	
EPS (total)	**Earnings £000**	**Basic**	**Diluted**	Earnings £000	Basic	Diluted
Profit after tax for the financial year	**8,394**	**7.39p**	**7.07p**	6,598	6.08p	5.76p
Separately disclosed items:						
IFRS2 share option	**741**	**0.65p**	**0.62p**	67	0.06p	0.06p
Intangible amortisation	**551**	**0.49p**	**0.46p**	221	0.20p	0.19p
Net acquisition costs	**750**	**0.66p**	**0.63p**	—	—	—
Costs on exercise of Executive share options	**511**	**0.45p**	**0.43p**	—	—	—
Release of closure provision for *TR* Formac (Suzhou) Co. Ltd	**(94)**	**(0.08p)**	**(0.08p)**	—	—	—
Tax charge on adjusted items	**(541)**	**(0.48p)**	**(0.45p)**	(66)	(0.06p)	(0.06p)
Underlying profit after tax	**10,312**	**9.08p**	**8.68p**	6,820	6.28p	5.95p

The 'underlying diluted' earnings per share is detailed in the above tables. In the Directors' opinion, this best reflects the underlying performance of the Group and assists in the comparison with the results of earlier years (see note 2).

26 Financial instruments

(a) Fair values of financial instruments

There is no significant difference between the fair values and the carrying values shown in the balance sheet.

(b) Financial instruments risks

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business, and the Group continues to monitor and reduce any exposure accordingly. Information has been disclosed relating to the individual Company only where a material risk exists.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a predetermined amount. Bad debt insurance is taken out on all key accounts where the cost is appropriate given the risk covered. All overdue debts are monitored regularly and customers are put on credit hold if payments are not received on time. The carrying amount of trade receivables represents the maximum credit exposure for the Group. Therefore, the maximum exposure to credit risk at the balance sheet date was £37.88m (2014: £26.33m), being the total carrying amount of trade receivables net of an allowance. Management does not consider there to be any significant unimpaired credit risk in the year-end balance sheet (2014: £nil).

At the balance sheet date there were no significant geographic or sector specific concentrations of credit risk.

	2015 £000	2014 £000
Amounts less than 90 days past due	**37,457**	25,930
Amounts more than 90 days past due	**419**	400
	37,876	26,330

For balances neither past due nor impaired credit quality is considered good and no credit exposures have been identified (2014: nil).

When the Group is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Impairment losses

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	2015 £000	2014 £000
Balance at 1 April	**(553)**	(640)
Impairment movement	**(201)**	87
Balance at 31 March	**(754)**	(553)

There are no significant losses/bad debts provided for specific customers. Impairments are recognised where a credit exposure has been identified whether amounts are past due or not.

(ii) Liquidity and interest risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group holds net debt and hence its main interest and liquidity risks are associated with the maturity of its loans against cash inflows from around the Group. The Group's objective is to maintain a balance of continuity of funding and flexibility through the use of loans and banking facilities as applicable.

In May 2014, the Group agreed new banking facilities with HSBC, comprising:

- a term loan facility of €25.00m ('Facility A') used to fund the acquisition of VIC (balance at 31 March 2015: €23.75m)
- a revolving multi-currency credit facility ('RCF') of up to £10.00m ('Facility B'), replacing the existing revolving credit facility of £5.00m

Notes to the financial statements (continued)

(forming part of the financial statements)

26 Financial instruments continued

The obligations of *Trifast* under Facility A and Facility B (the 'Facilities') are guaranteed by the UK non-dormant subsidiaries of the Company.

Interest on the Facilities is charged at the aggregate rate of LIBOR/EURIBOR plus a margin (1.65% — 2.75%), in accordance with a formula incorporating the ratio of consolidated net debt against the consolidated underlying EBITDA of the enlarged Group. As at 31 March 2015, the Group is paying at a 1.65% marginal rate.

The Facilities are secured by way of a charge over the Group's premises at Uckfield; a first fixed and floating charge over all other UK assets of the enlarged Group; a share charge over *TR* Asia Investment Holdings Pte Ltd (Singapore); and a quota charge over VIC.

In addition the Group has an Asset Based Lending ('ABL') facility providing up to a maximum of £17.2m secured over the receivables and inventory of the Group's UK subsidiaries and the property of the Holding Company.

In December 2011, to part fund the Power Steel & Electro-Plating Works SDN Bhd acquisition, *TR* Asia Investment Holdings Pte Ltd took out a five year term loan with the Singaporean bank DBS at a fixed rate of 3.14% which is secured by Corporate Guarantees from the Company and *TR* Formac Pte Ltd.

Covenant headroom

The current UK term facilities are subject to quarterly covenant testing as follows:

Interest cover:	Underlying EBITDA to net interest to exceed a ratio of three.
Debt Service cover:	Underlying EBITDA to debt service to exceed a ratio of one.
Net Debt cover:	Total net debt to underlying EBITDA not to exceed a ratio of 2.75.

With respect to the Asian loan facility, the covenants are as follows:

Minimum tangible net worth (*TR* Asia Investment Holdings Pte Ltd) of S$20m
Minimum consolidated tangible net worth (Asia Group) of S$35m
Maximum Asia Group net debt to EBITDA ratio of 2.0x
Minimum Asia Group debt service cover of 1.2x

These covenants currently provide sufficient headroom and forecasts indicate no breach is anticipated.

Liquidity tables

The following are the contractual maturities of financial liabilities, excluding bank overdrafts and finance lease liabilities:

	2015				
	Carrying amount/ contractual cash flows^ £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Non-derivative financial liabilities					
Company					
Facility A — VIC acquisition loan (€25m)	**17,183**	1,809	1,809	13,565	—
Facility B — Revolving credit facility (£10m)	**—**	—	—	—	—
Total Company	**17,183**	1,809	1,809	13,565	—
Group					
Asset based lending	**8,605**	8,605	—	—	—
PSEP acquisition loan (S$15.11m)	**2,597**	1,484	1,113	—	—
Total Group	**28,385**	11,898	2,922	13,565	—

^ Excluding interest charges.

26 Financial instruments continued

	2014				
	Carrying amount/ contractual cash flows^ £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Non-derivative financial liabilities					
Company					
Facility B — Revolving credit facility (£5m)	—	—	—	—	—
Total Company	—	—	—	—	—
Group					
Asset based lending	9,504	9,504	-	—	—
PSEP acquisition loan (S$15.11m)	3,963	1,441	2,522	—	—
Total Group	13,467	10,945	2,522	—	—

^ Excluding interest charges.

Liquidity headroom

Trading forecasts show that the current facilities provide sufficient liquidity headroom. The Group continues to maintain positive relationships with a number of banks and the Directors believe that appropriate facilities will continue to be made available to the Group as and when they are required.

Available facilities (excluding bank overdrafts and finance lease liabilities):

	2015			2014		
	Available facilities £000	**Utilised facilities £000**	**Un-utilised facilities £000**	Available facilities £000	Utilised facilities £000	Un-utilised facilities £000
Company						
Facility A — VIC	**17,183**	**17,183**	**—**	—	—	—
Facility B — RCF	**10,000**	**—**	**10,000**	5,000	—	5,000
Total Company	**27,183**	**17,183**	**10,000**	5,000	—	5,000
Group						
ABL	**17,175**	**8,605**	**8,570**	17,675	9,504	8,171
PSEP	**2,597**	**2,597**	**—**	3,963	3,963	—
Total Group	**46,955**	**28,385**	**18,570**	26,638	13,467	13,171

Interest risk

The Group monitors closely all loans outstanding which currently incur interest at floating rates. When interest rate exposure risk becomes significant the Group makes use of derivative financial instruments, including interest rate swaps and caps. The only instrument held at the balance sheet date relates to Facility A, where a cap of 1% EURIBOR is in place (2014: none). The Group will continue to review this position going forward.

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date.

With the exception of the loan taken out by *TR* Asia Investment Holdings Ltd, which bears a fixed interest rate of 3.14%, all other assets and liabilities bear interest at a floating rate and therefore may change within one year.

Notes to the financial statements (continued)

(forming part of the financial statements)

26 Financial instruments continued

Interest rate table

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Fixed rate instruments				
Financial liabilities	**(2,597)**	(3,963)	**–**	–
	(2,597)	(3,963)	**–**	–
Variable rate instruments				
Financial assets	**15,453**	15,535	**1,292**	743
Financial liabilities^	**(26,271)**	(9,542)	**(21,921)**	(3,700)
	(10,818)	5,993	**(20,629)**	(2,957)

^ £17.18m of the variable rate financial liability balance in the Group and the Company relates to Facility A and has a 1% EURIBOR interest rate cap in place.

Sensitivity analysis

A change of 1 point in interest rates at the balance sheet date would change equity and profit and loss by £0.25m (2014: £0.10m). This calculation has been applied to risk exposures existing at the balance sheet date.

This analysis assumes that all other variables, in particular foreign currency rates, remain consistent and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative period.

(iii) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than local functional currency. The Group faces additional currency risks arising from monetary financial instruments held in non-functional local currencies.

Operational foreign exchange exposure

Where possible the Group tries to invoice in the local currency at the respective entity. If this is not possible, then to mitigate any exposure, the Group tries to buy from suppliers and sell to customers in the same currency.

Where possible the Group tries to hold the majority of its cash and cash equivalent balances in the local currency at the respective entity.

Monetary assets/liabilities

The Group continues to monitor exchange rates and buy or sell currencies in order to minimise open exposure to foreign exchange risk. The Group does not speculate on exchange rates. The Group holds no foreign exchange derivative financial instruments at the balance sheet date (2014: none). The Group will continue to review this position going forward. The €25m VIC acquisition loan is a net investment hedge and therefore all foreign exchange movements are taken to the translation reserve. All other loans are held in the local currency of the relevant company and so are excluded from the analysis below.

The Group's exposure to foreign currency risk is as follows (based on the carrying amount for cash and cash equivalents held in non-functional currencies):

31 March 2015	**Sterling £000**	**Euro £000**	**US Dollar £000**	**Singapore Dollar £000**	**Total £000**
Cash and cash equivalents exposure	**1,491**	**2,435**	**2,237**	**495**	**6,658**

31 March 2014	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
Cash and cash equivalents exposure	334	1,830	3,788	154	6,106

26 Financial instruments continued

Sensitivity analysis

Group

A 1% change in the following currencies against local functional currency at 31 March would have changed equity and profit and loss by the amount shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the comparative period.

		Equity & profit or loss	
		2015	2014
Foreign currency	Local currency	£000	£000
US Dollar	Sterling	3	(9)
Euro	Sterling	(18)	(10)
Sterling	Singapore Dollar	(12)	(18)
US Dollar	Singapore Dollar	(8)	(3)
US Dollar	Taiwanese Dollar	(12)	(1)

(c) Capital management

The Group's objectives when managing capital are to ensure that all entities within the Group will be able to continue as going concerns, while maximising the return to shareholders through the optimisation of the debt and equity balance. We regularly review and maintain or adjust the capital structure as appropriate in order to achieve these objectives and this is consistent with the management of capital for previous periods.

The Group has various borrowings and available facilities (see section (b)(ii) Liquidity and interest risk) that contain certain external capital requirements ('covenants') that are considered normal for these types of arrangements. As discussed above, we remain comfortably within all such covenants.

Identification of the total funding requirement is achieved via a detailed cash flow forecast which is reviewed and updated on a monthly basis.

The capital structure of the Group is presented below:

	2015 £000	2014 £000
Cash and cash equivalents (note 19)	15,014	15,504
Borrowings (note 20)	(28,429)	(13,474)
Net debt	(13,415)	2,030
Equity	(71,680)	(61,667)
Capital	(85,095)	(59,637)

There is a continuous process for identifying, evaluating and managing the key risks faced by the Group. Activities are co-ordinated by the Audit Committee. It has responsibility, on behalf of the Board, for ensuring the adequacy of systems for identifying and assessing significant risks, that appropriate control systems and other mitigating actions are in place, and that residual exposures are consistent with the Group's strategy and objectives. Assessments are conducted for all material entities.

Notes to the financial statements (continued)

(forming part of the financial statements)

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Less than one year	**2,265**	2,384	**27**	18
Between two and five years	**3,694**	3,567	**33**	10
More than five years	**732**	834	**–**	–
	6,691	6,785	**60**	28

The Group leases a number of offices, warehouse and factory facilities under operating leases.

Group

During the year £2.53m was recognised as an expense (2014: £2.34m) in the income statement in respect of operating leases.

Company

During the year £0.04m (2014: £0.03m) was recognised as an expense in the income statement in respect of operating leases.

28 Contingent liabilities and assets

Group and Company

(i) The Group and Company obtained access to indemnity assets from the vendors on the acquisition of VIC. These contractually oblige the vendors to cover the risk of specific outstanding legal claims, as detailed in the Acqusition Agreement. In compliance with IFRS3, a number of these claims, totalling £0.30 million, were provided for as contingent liabilities on acquisition and a related indemnification asset was recognised for an equal amount. At 31 March 2015, the amounts provided and indemnified are £0.12m, see note 23 (2014: £nil). These amounts are expected to be paid and recovered within the next 12 months.

(ii) Additional specific outstanding legal claims existed in VIC at the date of acquisition. For these amounts there is not considered to be any present obligation and therefore these are not contingent liabilities. All such additional amounts are fully indemnified by the vendors under the Acquisition Agreement.

(iii) The Company has cross guarantees on its UK banking facilities with its three UK subsidiaries. The amount outstanding at the end of the year was £4.74m (2014: £3.70m).

29 Related parties

Group and Company

Compensation of key management personnel of the Group

Full details of the compensation of key management personnel are given in the Directors' remuneration report on pages 39 to 46.

Transactions with Directors and Directors' close family relatives

During 2014 a relative of the Chairman provided IT/Marketing consultancy services totalling £14,375 on an arm's length basis and with terms similar to other third party suppliers. The outstanding balance at 31 March 2014 was £1,000. At 31 March 2015 there was no outstanding balance and no further such transactions occurred in FY 2015.

Related party transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included in note 33.

Company related party transactions with subsidiaries — income/expenditure 2015

	Rent £000	Income management fees £000	Loan Interest	Total £000	Expenditure management fees £000
TR Fastenings Ltd	**290**	**298**	**—**	**588**	**240**
TR Southern Fasteners Ltd	**—**	**21**	**—**	**21**	**—**
TR Norge AS	**—**	**26**	**—**	**26**	**—**
TR Fastenings AB	**—**	**43**	**—**	**43**	**—**
TR Miller BV	**—**	**57**	**30**	**87**	**—**
Lancaster Fastener Co Ltd	**—**	**24**	**—**	**24**	**—**
TR Hungary Kft	**—**	**36**	**—**	**36**	**—**
TR Asia Investments Pte Ltd	**—**	**371**	**—**	**371**	**—**
TR Fastenings Inc	**—**	**47**	**—**	**47**	**—**
	290	**923**	**30**	**1,243**	**240**

Company related party transactions with subsidiaries — income/expenditure 2014

	Rent £000	Income management fees £000	Loan interest	Total £000	Expenditure management fees £000
TR Fastenings Ltd	196	300	—	496	215
TR Southern Fasteners Ltd	—	20	—	20	—
TR Norge AS	—	24	—	24	—
TR Fastenings AB	—	33	—	33	—
TR Miller BV	—	38	24	62	—
Lancaster Fastener Co Ltd	—	22	—	22	—
TR Hungary Kft	—	31	9	40	—
TR Asia Investments Pte Ltd	—	321	—	321	—
TR Fastenings Inc	—	38	—	38	—
	196	827	33	1,056	215

Notes to the financial statements (continued)

(forming part of the financial statements)

29 Related parties continued

	2015		2014	
	Balances trade receivables £000	**Balances trade payables £000**	Balances trade receivables £000	Balances trade payables £000
TR Fastenings Ltd	**549**	**37**	445	17
TR Southern Fasteners Ltd	**4**	**—**	2	—
TR Norge AS	**—**	**—**	2	—
TR Fastenings AB	**4**	**—**	3	—
TR Miller BV	**820**	**—**	663	—
Lancaster Fastener Co Ltd	**30**	**—**	28	—
TR Hungary Kft	**3**	**—**	8	5
TR Fastenings Inc	**4**	**—**	3	—
TR Asia Investments Pte Ltd	**83**	**—**	2	—
Non-trading dormant subsidiaries	**—**	**267**	—	267
Trifast Overseas Holdings Ltd	**23,610**	**2,300**	—	2,300
Trifast Holdings BV	**352**	**—**	303	—
TR Fastenings Poland Sp Zoo	**—**	**—**	17	—
	25,459	**2,604**	1,476	2,589

All related party transactions are on an arm's length basis.

30 Acquisition of Viterie Italia Centrale SPA ('VIC')

On 30 May 2014, the Group acquired the entire issued capital stock of VIC for an initial consideration of €27.00m (£22.02m), satisfied by way of €24.15m (30 May: £19.65m) in cash and €2.85m (30 May: £2.37m) by the issue and allotment of 3,000,000 shares of 5 pence each in the Company to Carlo Perini, the Managing Director and 30% owner of VIC. The fair value of shares issued was based on the market value at the date of the Acquisition Agreement.

At the date of acquisition, a further payment of up to €5.00m (31 March 2015: £3.62m, 30 May 2014: £4.07m) was due to the Vendors. This was based upon the achievement of certain performance conditions in VIC for the 12 month period ended 31 December 2014. Under the agreement, €5 for each €1 above €3.00m of adjusted post-tax profit (as defined in the Acquisition Agreement) was payable to the Vendors, subject to a maximum amount of €5.00m. VIC generated a sufficient adjusted post-tax profit for the year ended 31 December 2014 to achieve the maximum payout in line with the agreement; payment will be made in June 2015.

VIC is a manufacturer and distributor of fastenings systems and is complementary to the Group's business model. It significantly strengthens the Group's presence in the domestic appliances market whilst also offering *TR* additional opportunities in existing electronic and automotive markets. The business will also provide an additional manufacturing facility in Europe to complement the Group's existing resources in Asia and the UK.

In the ten months since acquiring VIC to 31 March 2015, the subsidiary contributed £4.43m to the consolidated operating profit for the year and £19.57m to the Group's revenue. If the acquisition had occurred on 1 April 2014, Group revenue would have increased by an estimated £3.75m and consolidated operating profit would have been increased by an estimated £0.53m. In determining these amounts management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 April 2014.

30 Acquisition of Viterie Italia Centrale SPA ('VIC') continued

The acquisition had the following effects on the Group's assets and liabilities.

	Original fair value recognised £000	Adjustment to fair value £000	Revised recognised fair value £000
Property, plant and equipment	3,950	—	3,950
Intangible assets	8,108	—	8,108
Inventories	5,967	—	5,967
Trade and other receivables	4,589	302	4,891
Cash and cash equivalents	3,405	—	3,405
Trade and other payables	(4,703)	—	(4,703)
Corporation tax payable	(1,225)	—	(1,225)
Contingent liabilities	—	(302)	(302)
Deferred tax liabilities	(941)	(2,323)	(3,264)
Net identifiable assets and liabilities	19,150	(2,323)	16,827
Consideration paid:			
Initial cash price paid	19,645	—	19,645
Equity instruments issued	2,370	—	2,370
Contingent consideration at fair value	4,067	—	4,067
Total consideration	26,082	—	26,082
Goodwill on acquisition	6,932	2,323	9,255

The fair value of trade receivables is £4.16m. The gross contractual cash flows to be collected are £4.48m. The best estimate at acquisition date of the contractual cash flows not to be collected are £0.32m.

On acquisition, contingent liabilities of £0.30m were recognised in respect of legal claims. At 31 March 2015, £0.08m of this amount remains outstanding: see note 23. This is expected to be paid within 12 months. The Vendors are contractually obliged to indemnify this risk, as detailed in the Acquisition Agreement. Therefore a related indemnification asset was recognised for an equal amount, see note 28.

Intangible assets that arose on the acquisition include the following:

- £5.45m of customer relationships, with an amortisation period deemed to be 15 years
- £2.33m of technology know-how, with an amortisation period deemed to be 10 years
- £0.27m of technological patents, with an amortisation period deemed to be 15 years
- £0.05m of other intangibles, with an amortisation period deemed to be between 3–5 years

Goodwill is the excess of the purchase price over the fair value of the net assets acquired and is not deductible for tax purposes. It mostly represents potential synergies, e.g. cross-selling opportunities between VIC and *Trifast* Group and VIC's assembled workforce.

As previously disclosed, the fair values of both corporation and deferred tax were determined on a provisional basis in the 31 March 2014 Report and Accounts. This was because an in-depth tax analysis had not yet been undertaken on the fair value adjustments. This has now been completed and an adjustment made, as detailed in the table above. The additional deferred tax liability of £2.32m relates to the recognition of the intangible fixed assets, net of the deferred tax impact from a downward revaluation of the property.

Effect of acquisition

The Group incurred costs of £1.20m in relation to the acquisition of VIC and a £0.45m foreign exchange gain was made on the €5.00m contingent consideration balance. The net amount of £0.75m has been included in administrative expenses in the Group's consolidated statement of comprehensive income and forms part of separately disclosed items, see note 2.

31 Subsequent events

There are no material adjusting or non-adjusting events subsequent to the balance sheet date.

Notes to the financial statements (continued)

(forming part of the financial statements)

32 Accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported annual amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group believes the principal accounting estimates, assumptions and uncertainties employed in the preparation of these financial statements are:

- **Recoverable amount of goodwill (note 12)**
  The recoverable amount is the greater of net selling price and value in use, where value in use is determined by discounting the future cash flows generated from the continuing use of the unit.
- **Provisions (note 23)**
  A provision is recognised in the balance sheet where the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Management has based its judgements on the latest available information, reflecting the expected outcome.

  In respect of onerous leases and dilapidation provisions, external advisors were used to provide estimates of potential costs and likelihood of sub-letting. The future cash flows were then discounted using risk free rates over the length of the leases.
- **Inventory valuation (note 17)**
  Inventories are stated at the lower of cost and net realisable value with provision being made for obsolete and slow moving items. Management has based its judgements on the classification of inventory and the item's demand.
- **Valuation of intangible assets acquired in a business combination (note 12)**
  During the year the Group acquired VIC (see note 30). £8.11 million of intangible assets were identified as part of the business combination. The assets were valued by an external valuer using the income methodology. The main assumptions used to establish value were profitability, growth, discount and tax rates.

33 *Trifast* plc principal trading subsidiaries

Name	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held Group	Percentage of ordinary shares held Company
Europe					
Trifast Overseas Holdings Ltd	United Kingdom	£111	Holding Company	100%	100%
TR Fastenings Ltd	United Kingdom	£10,200	Manufacture and distribution of fastenings	100%	—
TR Southern Fasteners Ltd	Republic of Ireland	€254	Distribution of fastenings	100%	—
TR Norge AS	Norway	NOK300,000	Distribution of fastenings	100%	—
TR Miller Holding B.V.	Holland	€45,378	Distribution of fastenings	100%	—
Lancaster Fastener Company Ltd	United Kingdom	£40,000	Distribution of fastenings	100%	—
TR Fastenings AB	Sweden	SEK1,500,000	Distribution of fastenings	100%	—
TR Hungary Kft	Hungary	HUF 3,000,000	Distribution of fastenings	100%	—
TR Fastenings Poland Sp. Z o.o	Poland	PLN 50,000	Distribution of fastenings	100%	100%
Viterie Italia Centrale SPA	Italy	€187,200	Manufacture and distribution of fastenings	100%	—
Asia					
TR Asia Investment Holdings Pte Ltd	Singapore	S$4	Holding Company	100%	—
TR Formac Pte Ltd	Singapore	S$315,000	Manufacture and distribution of fastenings	100%	—
TR Formac (Malaysia) SDN Bhd	Malaysia	MYR480,000	Manufacture and distribution of fastenings	100%	—
TR Formac (Shanghai) Pte Ltd	China	US$200,000	Distribution of fastenings	100%	—
Special Fasteners Engineering Co Ltd	Taiwan	TW$100,000,000	Manufacture and distribution of fastenings	100%	—
TR Formac Fastenings Private Ltd	India	INR14,850,000	Distribution of fastenings	100%	—
Power Steel & Electro-Plating Works SDN Bhd	Malaysia	MYR4,586,523	Manufacture and distribution of fastenings	100%	—
TR Formac Co. Ltd	Thailand	THB10,000,000	Distribution of fastenings	100%	—
Americas					
TR Fastenings Inc	USA	US$1,168,063	Distribution of fastenings	100%	100%

A full list of the Group companies will be included in the Company's annual return. The only changes in ownership during the year were due to the acquisition of Viterie Italia Centrale SPA (see note 30) and the closure of *TR* Formac (Suzhou) Co. Ltd (see note 2).

All of the above subsidiaries have been included in the Group's financial statements.

Six year history

2010–2015: recovery to sustainable growth

	2010	2011	2012	2013	2014	**2015**
Revenue	£85.94m	£106.09m	£112.51m	£121.54m	£129.78m	**£154.74m**
GP%	24.4%	25.2%	25.6%	26.0%	27.7%	**29.0%**
Underlying operating profit*	£1.07m	£4.33m	£5.63m	£7.97m	£9.70m	**£15.27m**
Underlying EBITDA*	£2.13m	£5.26m	£6.54m	£9.23m	£10.80m	**£16.49m**
Underlying PBT*	£0.92m	£3.77m	£5.00m	£7.25m	£9.16m	**£14.31m**
ROCE %*	2.4%	8.7%	11.3%	12.1%	16.3%	**18.6%**
Dividend per share	—	—	0.50p	0.80p	1.40p	**2.10p**
Dividend increase %	—	—	—	60%	75%	**50%**
Dividend cover*	—	—	7.5×	5.9×	4.3×	**4.1×**
Underlying diluted EPS*	0.07p	3.03p	3.76p	4.73p	5.95p	**8.68p**
Net debt	£4.68m	£7.14m	£8.41m	£5.20m	(£2.03m)	**£13.42m**
Cash conversion % of underlying EBITDA*	145.4%	(20.0%)	67.6%	85.3%	109.5%	**50.2%**
Share price at 31 March	23p	45p	45p	57p	87p	**103p**

* Before separately disclosed items, see note 2

Additional analysis

Revenue

Continuing operations	Year 31 March 2015 (£m)	% of Group revenue	Year 31 March 2014 (£m)	% of Group revenue	% increase at AER	% increase at CER
Revenue						
UK	**65.46**	**42.3**	63.24	48.7	**3.5**	**3.5**
Asia	**38.65**	**25.0**	38.36	29.6	**0.8**	**4.9**
Europe (excl. VIC)	**26.75**	**17.3**	25.36	19.5	**5.5**	**16.3**
USA	**4.31**	**2.8**	2.82	2.2	**53.0**	**55.1**
Organic revenue	**135.17**	**87.4**	129.78	100.0	**4.2**	**7.6**
VIC acquisition	**19.57**	**12.6**	—	—	**—**	**—**
Total revenue	**154.74**	**100.0**	129.78	100.0	**19.2**	**22.6**

Increasing margins

Continuing operations	Full Year 31 March 2015 (£m)	Underlying operating margin %	Full Year 31 March 2014 (£m)	Underlying operating margin %	% increase AER	% increase CER
Underlying operating result						
UK	**5.83**	**8.9**	5.46	8.6	**6.8**	**6.8**
Asia	**5.73**	**14.8**	5.27	13.7	**8.7**	**13.1**
Europe (excl. VIC)	**2.03**	**7.6**	1.73	6.8	**17.7**	**29.7**
USA	**0.33**	**7.6**	0.25	8.9	**32.4**	**34.8**
Central costs	**(3.08)**	**—**	(3.01)	—	**(2.3)**	**(2.3)**
Underlying organic operating result	**10.84**	**8.0**	9.70	7.5	**11.8**	**16.4**
VIC acquisition	**4.43**	**22.6**	—	—	**—**	**—**
Total underlying operating result	**15.27**	**9.9**	9.70	7.5	**57.5**	**62.1**

Further information about the Group

Inside Trifast

Sales report

Glenda Roberts
Group Sales Director

"The continuing globalisation and the importance of connectivity in our business to support our customers has never been more evident than during this year"

Read more about **our Strategy** on pages 7 and 8

We have continued the theme of 'it is all about the opportunities ahead'. The continuing globalisation and the importance of connectivity in our business to support our customers has never been more evident than during this year.

60% of our revenue comes from the 40+ multinational OEMs we service. We have positioned ourselves to support them by meeting their criteria of having a global footprint, high quality manufacturing in lower cost countries, being financially stable and providing technical and design support. Together with our logistical capabilities and a zero-defect philosophy, we have a winning combination that qualifies us as an outstanding Full Service Provider.

The changing and exacting requirements of our customers has focused us on meeting their expectations. We regularly complete customer questionnaires and audit documents. Being able to tick their boxes with confidence ensures that we go to the next stage of commercial negotiations with relative ease. The requirements of a small SME compared to a global automotive Tier 1 obviously differ, because of this we have structured our business to ensure we can effectively support all of our customers with a service package that meets their individual needs.

Legislative reform

Pre-emptively responding to new legislation on subjects such as conflict minerals is the norm at *TR*. We have taken the attitude that we must embrace changes and adopt them at an early stage to ensure that, when asked by customers, we are able to respond swiftly and provide the best solutions. It is a huge relief to customers when they find that we already have the subject covered and are able to assist. This was true of the REACh Directive and no doubt new demands will surface that we will treat in the same way.

TR online

Every day there is a constant stream of people using our website to contact us for support. These requests are quickly filtered through to the *TR* personnel in the relevant countries so that we can speedily service their requests, whether it is of a technical nature or an enquiry. A high percentage are engineers needing product assistance or to download specifications or drawings. We are seeing a steady increase in such traffic which we expect to accelerate when the new, updated website is launched later this year.

We intend for this to become the preferred 'go to' solution for engineers and specifiers across our core sectors: automotive, electronics/telecoms and domestic appliances.

Our customers

Servicing of SMEs is generally managed through *TR* Direct in three locations in the UK. The stock range of our own *TR* proprietary branded parts and core standard products are centrally located and distributed. This ensures a wide variety of products are readily available for immediate despatch. Dedicated teams used to managing transactional daily business and fast moving service requirements are supported by a telemarketing team who are in very regular contact.

We are also successful in selling *TR* proprietary products to other distributors both in the UK and Europe. We value their business and our teams have built up a great rapport, with almost no conflicts with the multinational OEM side of the business. We have 27 master distributors in these regions and this ensures we still can capture sales in areas such as Israel, Portugal, Finland, Bulgaria and Russia even if we do not have any *TR* locations in the region.

The larger single site customers and multinationals represent the largest part of our business. Their requirements vary considerably and often require specific, tailored logistic solutions and technical sales support that we are able to provide. A 'one size fits all' approach would rarely satisfy their differing requirements. Site surveys are conducted by our logistic teams and, in conjunction with the customers' teams, we are able to make a proposal for the right solution for our customers. Most multinational OEMs require a lean build approach to keep stock and costs low and our systems meet their criteria.

Once these systems are in place with the fasteners and category 'C' parts, we are invariably asked to either help customers resource away from other current vendors in order to reduce the number of companies servicing them on site, to assist in developing resource programmes or to offer alternative products to reduce in place and overall costs. Our product range is therefore extensive, growing every day and maintaining good quality is vital. We ensure we are able to do this by sourcing about 30% of product sold from our own quality managed manufacturing and keeping strict control of the suppliers we use.

Multinational OEMs

The multinational accounts that we service globally are all structured differently. They require suppliers to have an international footprint, with senior teams in position that can work together at a global level with their corporate teams. At *TR*, we established our global strategic team over 14 years ago and this has been further segmented into dedicated teams to individually support the automotive, electronics/telecoms, and domestic appliances sectors. We meet with customer commodity teams and receive enquiries from central purchasing locations, not individual sites. Sourcing boards usually meet weekly and they examine these quotations and take a holistic view of the service offered and on that basis they award their business. Having close contact with these decision makers is vitally important to *TR*. Design headquarters are often in the UK, Europe and North America, but the production facilities could be anywhere in the world so the connectivity of our team with theirs is paramount. Though each of these core sectors has different product ranges and supply criteria, we are now getting requests from electronics/telecoms companies with the same demanding process and product requirements as automotive companies. There is a huge drive taking place at our customers to ensure product quality and a robust supply chain is in place, as failure in either of these is a costly business.

Automotive sector

We have had recent success through focusing our attention on the automotive multinational Tier 1s, the exception being PSEP in Malaysia who historically deal directly with the OEMs. Going through the process of being accepted onto their approved vendor list is essential, before striving to become a 'preferred vendor' as the next stage, which we have achieved in most of the key players. This ensures we receive sales enquiries and we have a very good conversion rate of enquiries to orders, which is reflected in our sales figures. This is worked both at a strategic level and at a local level where *TR* application engineers play a key role in the design centres and manufacturing sites. The automotive sector represents 31% of the Group turnover and is growing rapidly. We are penetrating more sites of existing customers on a global basis, experiencing platform builds on one continent transferring to three continents where we are able to quickly respond due to our global presence — providing the required product, systems and processes to grow customer revenue. Having a global parts database and enquiry log enables us to cooperate as a business across all of our key disciplines (e.g. sales, quality, engineering, sourcing and manufacturing). This model is replicated in electronics/telecoms and with the major domestic appliances companies. It is a winning formula that we are further enhancing.

Electronics/telecoms sector

The electronics/telecoms sector differs from automotive in one particular aspect as products in this sector may only have a life cycle of 12 to 18 months, while in automotive the product is stable for the life of a build, which is six years on average. Within telecoms, discussions are already taking place on designs incorporating 5G and every time they upgrade new equipment, new parts are specified. This is a sector in which we have expertise and have experienced good growth within the last financial year. The electronics market is buoyant again and we have experienced new wins, particularly through working closely with designers. Additionally, many of these large electronics multinational OEMs and their subcontract manufacturers have a sealed vendor base limiting the vendors that they work with. So on new projects, where they have a need for a specific item, they will come to us to help source and service the part.

Automotive sector

Electronics/telecoms sector

Sales report (continued)

Dave Fisk
TR UK Managing Director

We have had sizeable wins on new programmes that have six year life spans"

Read more about **UK** on page 11

UK

The UK business has seen steady growth in the year under review and the diversity of customers ensures that we have no heavy dependence on one sector. Automotive is 29% of the turnover, which is mainly due to the work we do for the Tier 1s that support Jaguar Land Rover, Nissan, Honda and Toyota. We have had sizeable wins on new programmes that have six year life spans which will fill the pipeline up for the coming years. The rest of the UK turnover is very evenly balanced and growing at a similar rate to automotive.

The sales teams have a good balance of business development managers working on new business, product managers working on development and application engineers working closely with the customers' design and prototype teams.

Geoff Budd
TR Europe Managing Director

In the new financial year we will be extending Hungary's role into automotive"

Read more about **Europe** on page 12

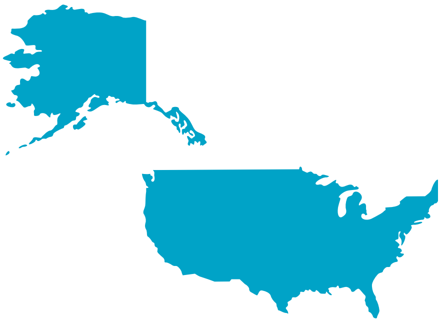
Europe

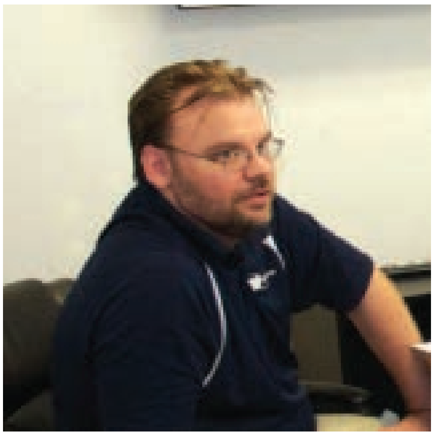
Within Europe, our hubs in Sweden, Holland and Hungary have all performed well. Norway has had a tougher time due to the downturn in production in oil and gas, but they have been recovering their position since January 2015. Sweden and Holland enjoy a high percentage of our automotive business due to their close proximity to major car plants and the Tier 1s that supply them. Hungary, on the other hand, has a strong presence in telecoms and business machines and has also had a good year. The team are maturing and have serviced their existing customers very well, with experienced staff in position. In the new financial year we will be extending Hungary's role into automotive as the car manufacturing plants are moving to Eastern Europe, where the cost base is much lower.

VIC

The acquisition of VIC has significantly increased the domestic appliances sector sales as a percentage of our Group revenue, which now stands at 19%, marginally behind electronics/telecoms. It will be interesting to see if this overtakes and becomes our number two sector. Having screw manufacturing within the Group in Europe has been well received by customers. VIC's product range is extensive and they have also developed innovative moulded products and solved some design and cost issues for many of the major companies in that industry.

Read more about **Technology and Innovation** on page 3





Gary Badzioch
TR Fastenings Inc Operations Director

> The business was refocused towards the multinational OEMs"

Read more about **USA** on page 12

USA

The USA operation was restructured two years ago and re-located to Houston. The business was refocused towards the multinational OEMs that we service elsewhere in the world. The USA is of strategic importance because of the influence of the design centres in the USA and due to the headquarters of many of the companies we work with being based there. We have recruited and trained staff to support this change of direction and with good management and support from the global teams they have had a very good year. The pipeline of new business wins already on the books ensures that they will enjoy another year of solid growth.

Thomas Tan
TR Asia Managing Director

> The Asian sites have had a good year, with Singapore and SFE in Taiwan doing very well"

Read more about **Asia** on page 12

Asia

The Asian sites have had a good year, with Singapore and SFE in Taiwan doing very well. China has recovered sales back to the levels of pre-recession, and they have received automotive success as platform builds have been replicated from the UK to Shanghai.

PSEP has had a steady year and will, this year, enjoy the fruit of development work that they have already put in with some major automotive OEMs on complex engine components.

Areas of focus for the current year are opportunities in Thailand, Mexico, Spain, Hungary and China, mainly on automotive business development. Thailand has a burgeoning economy and we now have a legal entity there, with a young, enthusiastic team being trained and supported by the Group to capitalise on this opportunity.

Group summary

We have just completed one of the most interesting, demanding and exciting years in sales in our history. We have seen many of the plans we have made executed successfully and are now delivering tangible results for both *Trifast* and our customer base. We have a solid foundation and strategies in place to enter the new financial year with confidence.

Marketing report

> “We have a unique blend of people in Marketing who have the skillsets to manage our photographic, video and editing and digital promotion needs”

Abi Burnett,
Head of Marketing

Digital marketing

In-house photography

The Marketing Team is at the heart of our business and based at *TR*’s headquarters in Uckfield. They manage and support the diverse marketing needs and specific requirements of our businesses in 16 countries whilst maintaining the strong *TR* brand that is recognised globally.

Their engagement with the business includes responding to daily requests such as a bespoke PowerPoint presentation for a sales person to present to a customer, through to forward planning for new brochures, videos and exhibitions. These areas along with the ever growing digital promotional activity and tracking of the Return On Investment (‘ROI’) from our global campaigns demonstrates the flexibility and talent within the team. Having this capability at our fingertips provides a vital support function for our external and internal sales personnel ensuring our customers see *TR* as the clear alternative.

Visitors to *TR* sites will also see the ‘Inside *TR*’ poster campaigns. These are run on a quarterly basis and provide staff with a very visual picture of news that is happening around the Group. This could be anything from a business win, a charity fund raising event someone has taken part in, pictures of colleagues in other locations that puts faces to names we talk to regularly and generally helps to connect a Group of our size in an engaging format. This feeling of being part of the *TR* family is important and is a key ingredient of the *Trifast* culture, which is actively encouraged.

We have a unique blend of people in Marketing who have the skillsets enabling them to manage our photographic needs, which you will see in evidence in the Annual Report, video and editing capability through to digital promotion through various mediums including social media, all in-house. This coupled with creative design ensures we have a fresh and up to the minute image reflecting our business capabilities and extensive product offering including our own *TR* brands, licenses and new product introductions.

During the year marketing supported major exhibitions on three continents. There were seven specific industry exhibitions in the UK, the Swedish fastener show supporting sales in Scandinavia, through to the Fastener show in Taiwan and the Las Vegas 4G Telecoms show. All of these required careful planning, innovative designs to create the eye catching and show stopper graphics, successful management of the personnel at the shows, through to the follow up of the many quality sales leads that were generated. We were particularly proud this year of the stand design at the prestigious Stuttgart Fastener Fair, which was the most ambitious one yet, and ensured that we were the focus of much interest and had a high footfall of visitors.

We have also maintained a high profile in major industry magazines such as Fastener and Fixing, with articles on varied industry specific topics and product and application stories. We have made extensive use of social media and continue to have widespread PR coverage in many publications both locally and internationally.

We have invested in analytic software to track which companies visit our website, the pages they show interest in, and how long we hold their interest which has provided very important data that we are using during the development of our new corporate website. We are very fortunate to have the capabilities in-house to be able to upgrade to a more intuitive and flexible website that will be launched later this year. We have an enthusiastic Web Development Team who has been focused on the content and the structure of the system. This is supported by programmers and product and sector experts in the Group providing content that reflects the business mix we have today.

We want to be the 'go to' place for designers, engineers, specifiers and buyers globally. There is a high focus on Search Engine Optimisation and ensuring *TR* is at the top of all search engines, further igniting interest in us and what we can supply.

This coming financial year we will be launching three new videos illustrating a number of our manufacturing sites and their capabilities that support specific industries. The automotive manufacturing video was shot mainly in PSEP in Malaysia, which is a TS16949 facility capable of producing more complex multi-stage forged parts. The focus was on the demanding requirements of this sector and how we encompass the zero-defect philosophy into our processes at every level. The second video, electronics manufacturing mirrors this, but has been filmed in *TR* Formac Singapore, which is more suited to very high quality screw production for major multinational electronics/telecoms companies. Again, we have captured the high focus on quality and our investment in equipment, especially the *TR* developed camera optical sorting machines that ensure we deliver 100% defect free products. The final video is a trailer, giving a taste of *TR* in manufacturing. These videos will all be launched through various digital mediums globally including social media, email marketing and online promotional websites, all tailored to the relevant industry sectors.

A new 'Introduction to *TR*' brochure and other industry specific brochures including one specific to the automotive sector will be in circulation in the first half of the financial year. Electronics/telecoms and domestic appliances publications will follow. These illustrate the growing *TR* product range and capability, the End-2-End services we offer industry sectors with specific product requirements and the extensive portfolio that we can support geographically.

Digital marketing is an ever expanding area of promotion. *TR* is utilising this medium with regular specific product promotional emails being sent out to over 6,000 customers around the UK and Europe each month. Our seasonal promotions include Valentines, Halloween and Christmas to name a few. These focus on the Group's USPs and target our different customer sectors each time. They are also an excuse to have some fun with our customers.

The online side of marketing is an exciting area to be working on at the moment with so many mediums available, the coverage from each campaign is immense and widespread. There are little limitations to where a social media promotion or web article used creatively and thoughtfully can spread, giving *TR* global coverage at minimal cost.

Another busy year is ahead of us, and our Marketing team look forward to being in the forefront of providing us with the tools to impress and support our discerning customer base. We also aim to have some fun and enjoyment doing this . . . in a fast moving and creative environment!

Glenda Roberts
Group Sales Director

4G World USA
Telecoms exhibition

More about our people

Apprenticeship programme

Our Apprenticeship programme is now entering its fifth year and continues to be a success, with James Hope completing his business apprenticeship and securing a full-time position as a Costings Co-ordinator working within our Sourcing Department, Aleksandra Kuczynska working full-time within our Strategic Sales Department as a Data Co-Coordinator and Joe Crouch at our Poole location securing a permanent position working on the Trade Counter.

Alex Saunders started with us in July 2014 as a business apprentice and has already spent time within our Warehouse, Quality and Progressing departments and will continue to work in other departments over the next 12 months leading to an NVQ Level 2 in Business Administration. Ryan Hildyard at our North East location continues to make good progress in his warehousing apprenticeship. Reilly Willis-Gil has started a Business Administration Level 2 apprenticeship this year and Chloe Wickham has joined us as a finance apprentice to commence Association of Accounting Technician (AAT) studies. We are looking to recruit two more apprentices in the coming year, one in our Sourcing department in our West Midlands location and one in our Group Finance and Human Resources department based at our Uckfield head office.

As a result of the success of our programme, Helen Toole, *TR*'s HR Manager has become an Ambassador for apprenticeships within the South East region and attends meetings with local councils and colleges as an employer

Alex Saunders

Reilly Willis-Gil

Helen Toole, HR Manager and Rebecca Vaughan, HR Representative

representative with a view to managing the link between the education system and business. This is a great opportunity to be able to develop opportunities to encourage young people to see apprenticeships as a credible alternative to continuing in mainstream education.

Training and development

The new Training and Development module within the HR system was successfully rolled out to the UK and European sites and training opportunities can now be accessed at any time and the available courses have been made specific to the locations. This has allowed greater flexibility in the access to and delivery of training with training needs analysis being carried out on a monthly basis to ensure more timely completion of requested training. The system also has a built in evaluation process ensuring that feedback on the trainer, the content of the training course and the venue can be analysed effectively.

Work is underway to develop an operational staff training programme that will concentrate on skills development that will link with the competency framework within our performance management system. The programme will also include visits to a customer and supplier and provide an input on functional areas of the business to allow participants to gain a better understanding of how our business functions interlink.

Team leader training continues to be an important programme that allows us to develop supervisory and initial management skills for those employees identified as having the potential or desire to be in positions that require such skills.

The Leadership Programme, which has been highlighted in the last two Annual Reports, has now been cascaded to senior managers in the business and will continue to flow to other levels within the organisation to aid and assist our succession planning.

This programme is set at Foundation, Intermediate and Advanced levels and has been designed to enhance and strengthen communication across the organisation with groups coming together from different locations to be trained. The programme focuses on personal leadership development as a foundation, which is then built upon with further modules of leadership development from the perspective of leading others. The programme is already delivering a cohesive, strategic approach to embedding a shared culture within the Group, with a common language.

Performance management

Our performance management system operates within the UK and European sites and comprises three phases: employee self-assessment; manager assessment and then a meeting between the two. All phases are managed through the electronic system which allows us to monitor progress to completion and ensure that all employees have the opportunity to have a formal performance review with their manager at least annually. The system allows for interim reviews at any time during the year allowing short term objectives to be set and reviewed at an appropriate time.

The training and development module is linked to the performance management system so that if a training request is made within the training and development module, the performance management system is updated with the detail so that training activity can be reviewed and discussed at the time of the performance review.

The performance management system provides us with a significant means of managing our succession planning ensuring that employees are provided with the relevant training based on their current position, their potential and the future needs of the business.

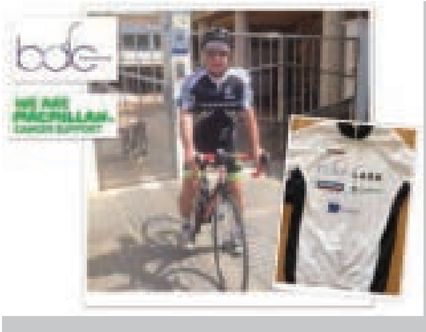
HR system

The overall HR management system continues to be developed. We will automate as many processes and procedures through the system as we can to enable all employees to have easy access to the information, forms, rules and regulations that they need to be aware of.

Carolyn Emsley

Business and the community

Trifast supports the needs of our local communities and all of our businesses from around the Group participate in community initiatives. Charitable donations are made through participation of our employees in various projects and programmes.
Examples of these are detailed below:

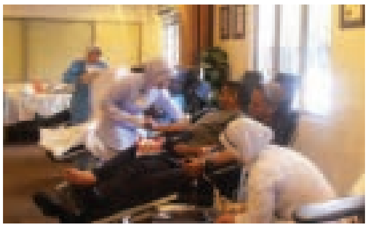


Coast to Coast challenge

A team of seven adventurous cyclists led by Martin Broom of *TR* UK's Midlands location took on the 150 mile Devon Coast to Coast challenge in May 2015 raising £11,500 for Macmillan Cancer Support

Newick Cricket Club

TR is delighted to continue to be a Corporate sponsor for the 2015 season of Newick Cricket Club who hold Division 1 status in the East Sussex Cricket league



PSEP blood donation

Employees at PSEP Malaysia taking part in one of their regular blood donor sessions

Team Aktiv

Jan-Erik Storsve from *TR* Norge was a member of Team Aktiv, a group of 170 people, who ran a half marathon. The team raised over £100,000 for cancer hospitals to build gyms customised for people with cancer so they can be active during their illness (September 2014)

Financial calendar

AGM	**16 September 2015**
Final dividend payment date	**16 October 2015**
Half-yearly results	**November 2015**
Trading update	**February 2016**
Financial year end	**March 2016**
Pre-close trading update	**April 2016**
Preliminary results	**June 2016**

View more content online at
www.trfastenings.com

View more content online at
www.trifast.com

Shareholder Information

Glossary of terms

AER
Actual Exchange Rate

Assets
Anything owned by the company having a monetary value; e.g. fixed assets such as buildings, plant and machinery, vehicles (these are not assets if rented and not owned) and potentially including intangibles such as trademarks and brand names, and current assets, such as inventory, debtors and cash.

Average Capital Employed
Averaged using month-end balances and opening capital employed

Balance sheet
The balance sheet provides a 'snapshot' at a particular date in time of who owns what in the company, and what assets and debts represent the value of the company.

The balance sheet is where to look for information about short-term and long term debts, gearing (the ratio of debt to equity), reserves, inventory values (materials and finished goods), capital assets, cash, and the value of shareholders' funds. The balance sheet equation is

Capital + Liabilities (where the money came from)
= Assets (where the money is now)

CAGR
Compounded Annual Growth Rate.

Cash flow
The movement of cash in and out of a business from day-to-day direct trading and other non-trading effects, such as capital expenditure, tax and dividend payments.

Cash flow statement
The Cash flow statement shows the movement and availability of cash through and to the business over a given period and it is fundamental that financial forecasting and reporting of cash movement and availability is accurate. For any business 'cash is king' and essential to meet payments for example to suppliers, staff and other creditors.

CER
Constant Exchange Rate

Current assets
Cash and anything that is expected to be converted into cash within 12 months of the balance sheet date. For example debtors, inventory.

Current liabilities
Money owed by the business that is generally due for payment within 12 months of balance sheet date. For example: creditors, bank overdraft, taxation.

Depreciation
The proportion of cost relating to a capital item, over an agreed period, (based on the useful life of the asset), for example, a piece of equipment costing £10,000 having a life of five years might be depreciated over five years at a cost of £2,000 per year.

This for example would be shown in the P&L as a depreciation cost of £2,000 per year; the balance sheet would show an asset value of £8,000 at the end of year one, reducing by £2,000 per year; and the cash flow statement would show all £10,000 being used to pay for it in year one.

Dividend
A dividend is a payment made per share, to a company's shareholders and is based on the profits of the year, but not necessarily all of the profits. Normally a half year dividend is recommended by a company board whilst the final dividend for the year is proposed by the board of directors and shareholders consider this and vote at an Annual General Meeting.

Dividend Cover
Underlying diluted earnings per share over proposed dividend per share in the year.

Earnings before
There are several 'Earnings before…..' ratios. The key ones being:

- PBT — Profit/earnings before taxes
- EBIT — Earnings before interest and taxes
- EBITDA — Earnings before interest, taxes, depreciation, and amortisation
- Underlying — Profit before separately disclosed items (see note 2)

Earnings relate to operating and non-operating profits (e.g. interest, dividends received from other investments).

Gearing
The ratio of debt to equity, usually the relationship between long term borrowings and shareholders' funds.

Goodwill
Any surplus money paid to acquire a company that exceeds its net assets fair value.

ICAEW
Institute of Chartered Accountants in England & Wales.

Intellectual Property ('IP')

This is an intangible asset such as a copyright or patent.

Copyright is the exclusive right to produce copies and to control an original work and is granted by law for a specified number of years.

A patent is a government grant to an inventor assuring the inventor the sole right to make, use and sell an invention for a limited period.

Multinational OEMs

We use this term to include all Original Equipment Manufacturers (OEMs), Tier 1 suppliers in the automotive sector and relevant key sub-contractors in the other sectors we service.

Open Ended Investment Companies ('OEIC')

Funds managed by institutional investors. These funds can mix different types of investment strategies such as income and growth, and small cap and large cap stocks. There are no bid and ask quotes on the OEIC shares; buyers and sellers receive the same price.

The value of OEIC investment and any income from it is not guaranteed and can go down as well as up and investors may not get back the original amount invested.

P/E ratio (price per earnings)

The P/E ratio is an important indicator as to how the investing market views the health, performance, prospects and investment risk of a Plc. The P/E ratio is arrived at by dividing the share price by the underlying diluted earnings per share.

Profit

The surplus remaining after total costs are deducted from total revenue.

Profit and loss account (P&L)

The P&L shows how well the company has performed in its trading activities and would cover a trading account for a period.

The P&L shows profit performance and typically shows sales revenue, cost of sales/cost of goods sold, generally a gross profit margin, fixed overheads and/or operating expenses, and then a profit before tax figure ('PBT').

Retained profit/earnings

A business profit which is after tax and dividend payments to shareholders; retained by the business and used for reinvestment.

Reserves

The accumulated and retained difference between profits and losses year-on-year since the company's formation.

Return on capital employed ('ROCE')

A fundamental financial performance measure. A percentage figure representing profit before interest against the money that is invested in the business.

Underlying EBIT ÷ Average capital employed (net assets + net debt) × 100 = ROCE

Share capital

The balance sheet nominal value paid into the company by shareholders at the time(s) shares were issued.

Shareholders' funds

A measure of the shareholders' total interest in the company represented by the total share capital plus reserves.

Trademark

The name or a symbol used by a manufacturer or dealer to distinguish its products from those of competitors. A Registered trademark is one that is officially registered and legally protected.

Working capital

Current assets less current liabilities, representing the required investment, continually circulating, to finance inventory, debtors, and work in progress.

TR more than just a company


Formac
Fasteners
LD64 OUX

Shareholder notes

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Trifast plc

Forward-looking statements
This document contains certain forward looking statements and reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to the events that may occur in the future thereby involving a degree of uncertainty. Therefore nothing in this publication should be construed as a profit forecast by the Company.

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25
Global locations

Over
1,100
Staff worldwide

8
International manufacturing sites