



ANNUAL REPORT

for the year ended 31 March 2014



WORLD OF OPPORTUNITY
STRONG MOMENTUM CONTINUES

WELCOME TO TRIFAST PLC

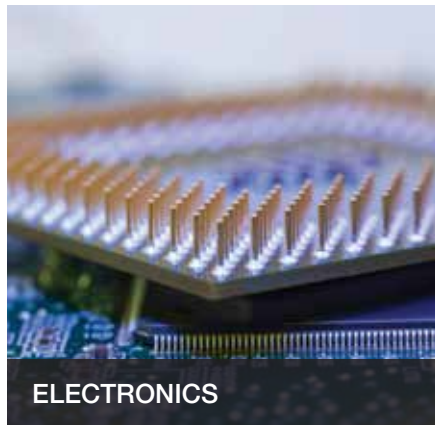
- The Group majors on the **design, manufacture** and **distribution** of mechanical fasteners on a global basis to both distributors and OEM assemblers
- This **competitive** combination has fuelled sales and geographic **expansion** over the past two decades
- Today, *TR* has 5,000 customers and has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



AUTOMOTIVE



HOME APPLIANCES



ELECTRONICS

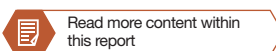
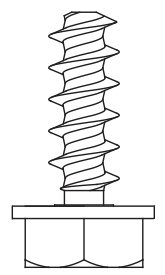
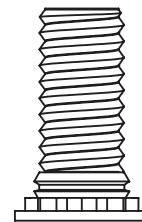
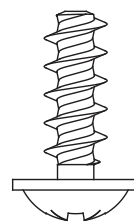
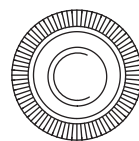
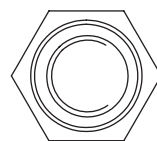


DISTRIBUTORS



The Board would like to thank our colleagues from around the Group who have contributed to this publication”

Jim Barker
Chief Executive



WHAT'S INSIDE OUR REPORT



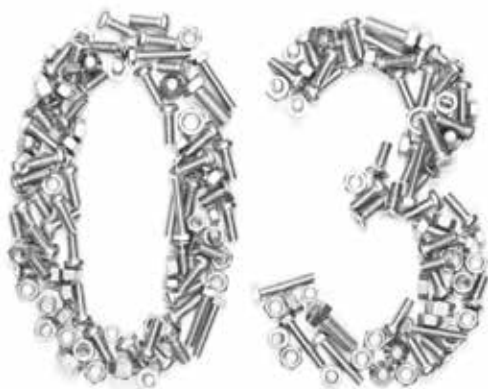
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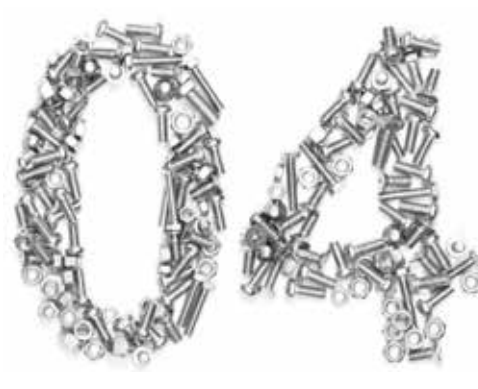
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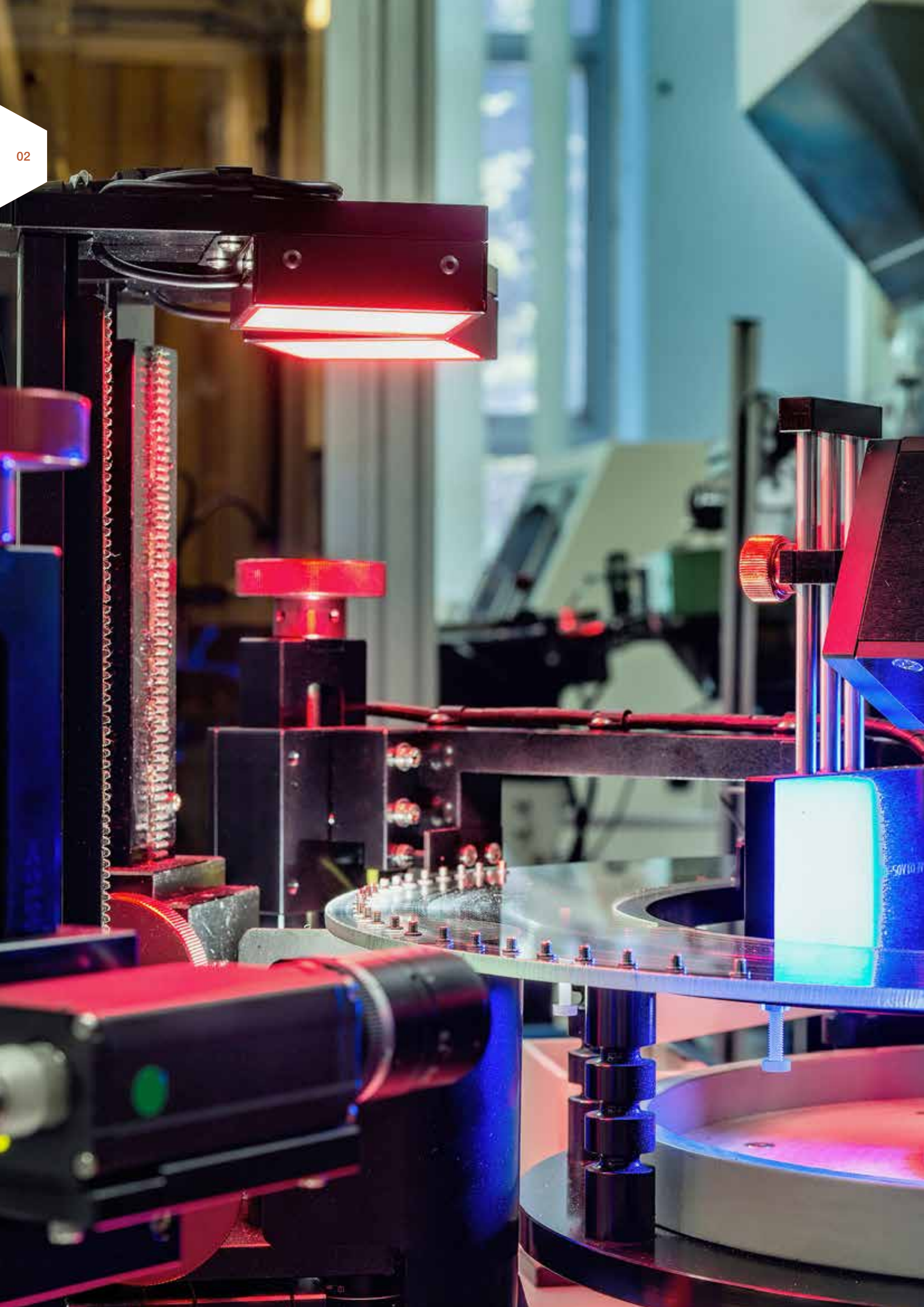
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Visit our Corporate website
www.trifast.com

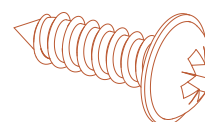
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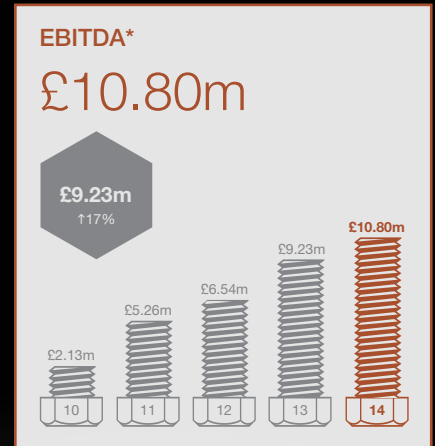
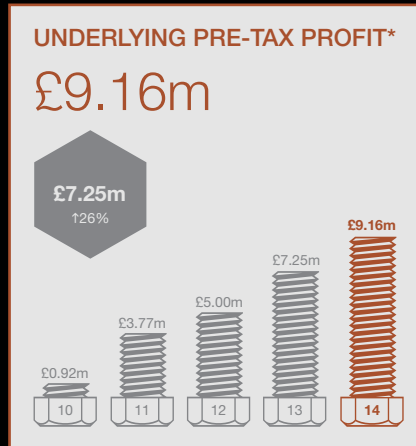
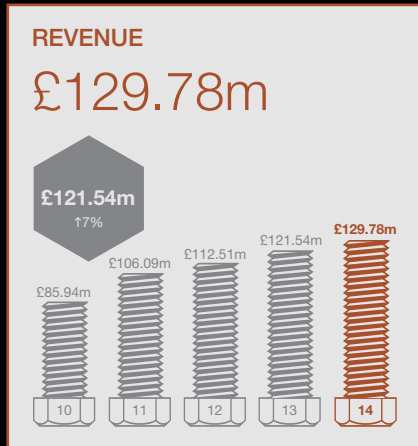


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FINANCIAL & OPERATIONAL HIGHLIGHTS



Continued roll out to multi-national OEMs

Distributor sales — renewed growth

Cash conversion of EBITDA at historic high

Ongoing margin enhancement through self-help

Post year end major acquisition

Significant dividend uplift



We have made excellent progress for the period, as our ambitious performance objectives have been achieved for yet another year”

*Before separately disclosed items which are shown in the financial statements



CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to inform you that we have made excellent progress for the period, as our ambitious performance objectives have been achieved for yet another year.

We indicated back in mid June 2012, that having restored a healthy momentum to the Group by then reporting a profit of £5.0 million, that we would aim to double profits by mid June 2015 and would have a well established progressive dividend policy.

By reporting an underlying pre-tax profit of £9.2 million for the year ended March 2014, it seems clear that we are well on our way to this doubling of profit aspiration by the same time next year; however, after the 2013–14 reporting period, on 30 May 2014 shareholders approved the acquisition of Viterie Italia Centrale (VIC) in Italy for an initial £22.5 million funded mainly by bank debt, thus considerably adding to the next year's profit performance with minimal shareholder dilution — and so, potentially, considerably outperforming our 2015 forecast made three years earlier.

Our strategy over the past three years has primarily been to drive organic growth via the six elements of our Group business model:

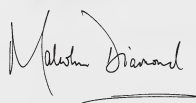
- Combining our low cost Asian manufacturing with global distribution logistics — both supported by engineering design and application to multi site/multi-nationals in Europe, Asia and the USA. By the end of this reporting year we had achieved Approved Supplier status with over 40 multi-national customers — each of whom projecting multi-million dollar annual fastener and Category 'C' component purchasing budgets
- Own brand specialist fasteners — for sheet metal and plastics selling internationally to both OEMs and distributors
- TR Direct — 24 hour UK delivery of standard DIN fasteners to OEMs offering competitive pricing and guaranteed quality and service levels
- Lancaster Fastener — 24 hour UK and EU delivery of a wide range of standard and specialised fasteners promoted by an extensive online and printed catalogue that is regularly updated with new product ranges
- Plastic fasteners and spacing pillars — promoted throughout the Group and just completed its successful second year since launch
- Highly engineered manufacturing licences — investments have been made within the period for both existing and newly developed fastener drives and thread forms aimed to improve OEM assembly time or component weight. These tangibly support our reputation, status and growth within the automotive, electronics and domestic appliance customer sectors

It has also been our mission to supplement steady organic growth with a sustained search for the 'right' acquisition to extend our geographic and product range and customer base. However, our target business has to be profitable, cash generative and self-managing with strong leadership — plus have a realistic independent growth strategy for the foreseeable future. This demanding requirement was met in late 2011 the acquisition of Power Steel & Electro Plating works (PSEP) in Malaysia, and we are delighted that this was again met 30 months later at the end of May 2014 by the VIC acquisition. We accept that we apply extremely strict criteria to acquisitions, and so we are grateful to colleagues and shareholders for their forbearance and patience throughout our search and selection process.

During the period, the UK TR Fastenings Board of Directors, under the leadership of Dave Fisk (UK MD) and mentorship of Geoff Budd (MD — TR Europe), has taken full responsibility for the strategy, policies and operations of what has hitherto been half of the Group's revenue, thus allowing the Main Board to focus more on acquisition activity and other aspects of Group strategy. In fact, all of our Group's country and business location directors and managers have successfully risen to the demanding challenges of continuing to improve their operating margins, inventory management and cash generation, and so, to them and their hard working teams, I offer my sincere respect and grateful thanks.

Trifast has historically been categorised by the LSE as a Fledgling PLC, but with our improved share price and trading liquidity, we achieved a promotion to the Small Cap index on 23 June 2014, thus making us eligible to be a Tracker Fund investment and so possibly enhancing our value.

Finally, thank you for your loyalty and support as a valued investor in our Company, and I very much look forward to keeping you updated as we continue our further exciting development.





Malcolm Diamond MBE
Executive Chairman

THE GROUP AT A GLANCE




KEY


 Manufacturing

 Distribution


USA


01 TR Fastenings – USA 


UK


02 TR Fastenings Head Office – Uckfield  

03 TR Fastenings – Belfast 

04 TR Fastenings – Birmingham 

05 TR Fastenings – East Kilbride 

06 TR Fastenings – Manchester 

07 TR Fastenings – Newton Aycliffe 

08 TR Fastenings – Poole 


09 Lancaster Fastener – Lancaster 

MAINLAND EUROPE

10 TR Fastenings – Holland 

11 TR Fastenings – Hungary 

12 TR Southern Fasteners – Ireland  

13 VIC – Italy  

14 TR Fastenings – Norway 

15 TR Fastenings – Poland 

16 TR Fastenings – Sweden 



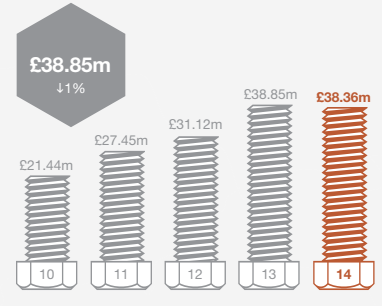
ASIA

- 17 TR Formac – China (Beijing) 
- 18 TR Formac – China (Shanghai & Suzhou)  
- 19 TR Formac – India (Bangalore) 
- 20 TR Formac – India (Chennai) 
- 21 PSEP – Malaysia  
- 22 TR Formac – Malaysia  
- 23 TR Formac – Singapore  
- 24 SFE – Taiwan  
- 25 TR Formac – Thailand 

GROUP REVENUE SPLIT

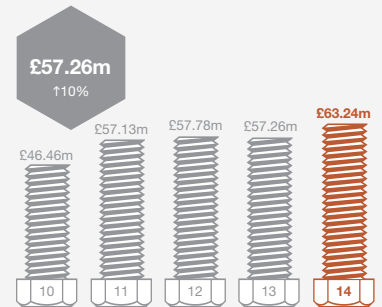
Asia

£38.36m



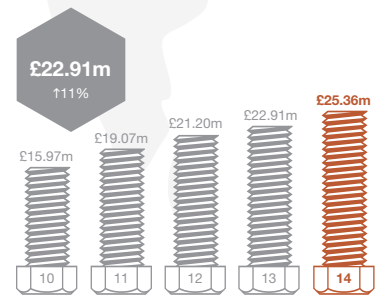
UK

£63.24m



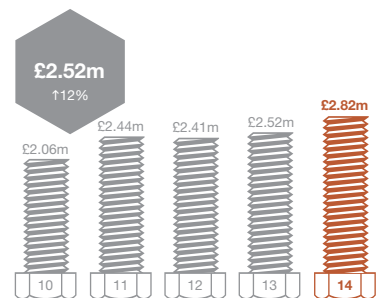
Mainland Europe

£25.36m

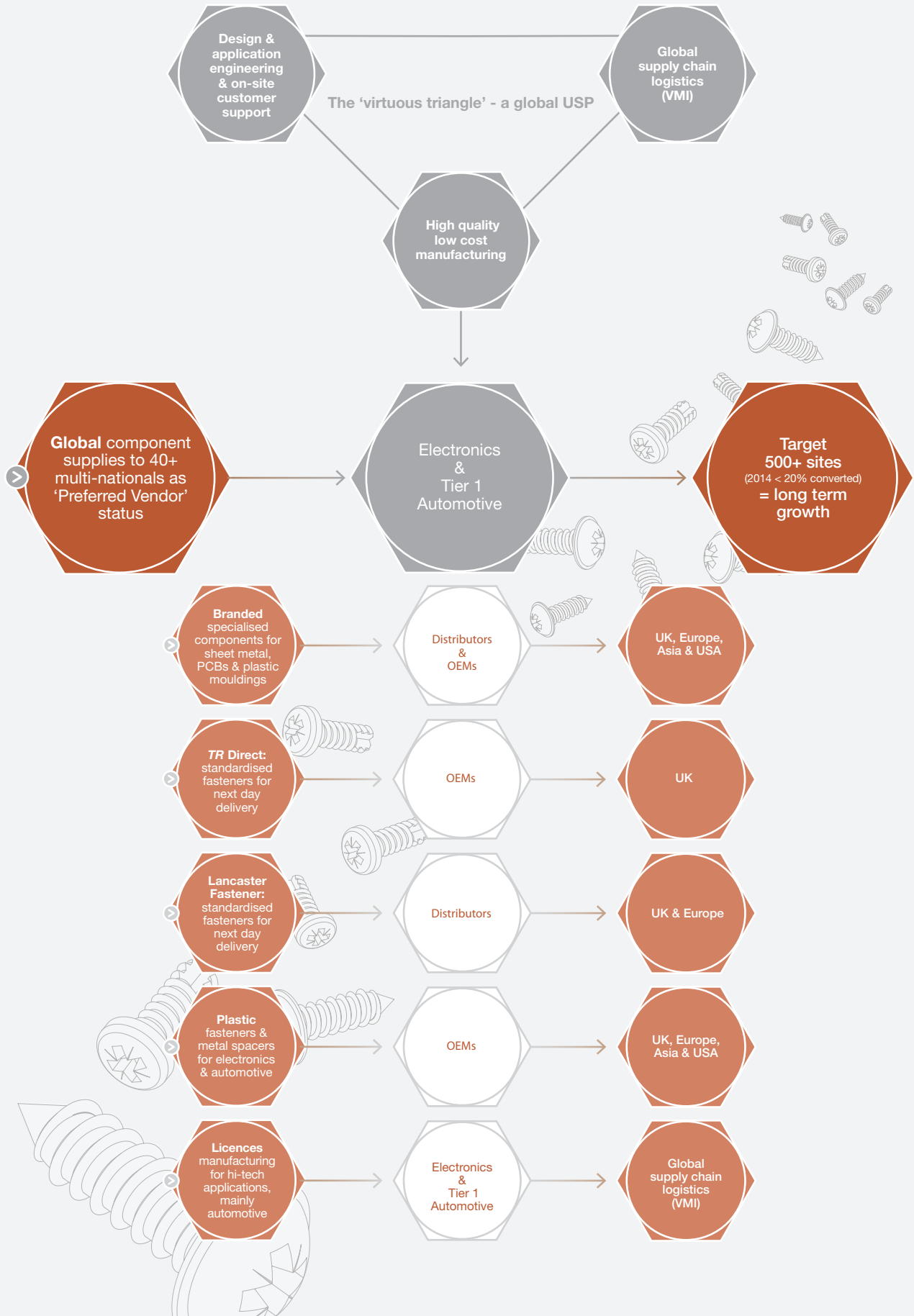


USA

£2.82m



TR'S MULTI FACETED BUSINESS MODEL



KEY STRENGTHS

The fastener supply sector, both nationally and globally, is extremely fragmented, with no company able to claim either market dominance or brand leadership. However, the global market is estimated to be around £50 billion per annum — and growing — of which we have assumed that £25 billion falls within our target customer sector capability.

This has given *Trifast* an ideal opportunity during the past five years to develop both a strategy and a market reputation to be able to ‘stand out from the crowd’ within our sector.

We started to realise that we were on the right track back in 2010 when several multi-national OEMs in electronics and Tier 1 automotive conducted quality and environmental audits on our Singapore and Taiwan factories.

Not only did our factories pass these audits — which then led on to *TR* being nominated as ‘Preferred Vendors’ on a global basis, but we also received feedback that these major fastener buyers had benchmarked us against several other multi-national fastener suppliers and found that *TR* had unique advantages:

- Low cost/high quality manufacturing capability
- Distribution logistics capability in over 50 countries across three continents
- Design and application engineers available to customers on site

The reason for being assessed as unique is that, although we are not the largest global supplier, no other player appears to combine an equal capability in manufacturing, lean distribution and on-site engineering resources.

In early 2010 our sales teams had been given a challenge to secure long term supply relationships with 30 multi-national OEMs that had, as an absolute minimum, a £500k annual spend on fasteners and other ‘consumable’ components.

This target of 30 customers was met by mid 2012, and by year end March 2014 this number was over 40; moreover, with some multi-nationals operating as many as 200 assembly sites around the world, our initial aim of £500k spend *per company* now looks decidedly conservative. Our OEM multi-national activities now account for over a third of Group revenue.

However, there is so much more to *TR*’s key strengths than just successfully supplying multi-national OEMs, as we blend sales growth of historically strong branded products for sheet metal and plastics with new initiatives on product ranges and technical design innovations for lower cost assembly techniques. These dynamics are further enhanced by our ongoing geographic expansion within Europe and Asia.



Our annual recruitment of young, well educated apprentices ensures that we enjoy the benefits of new blood bringing in fresh ideas”

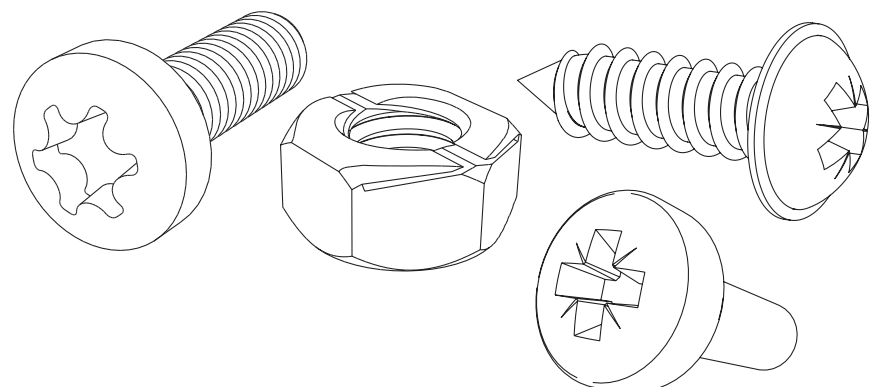
Our Company profile has been substantially raised in recent years, as has our reputation for being fair, trustworthy and reliable — which has been so reassuringly fed back to us by many of our staff, customers, suppliers and shareholders. We believe that this is why we are regularly approached by potential vendors of fastener businesses around the world, with genuine reasons for wanting us to acquire

their business, perhaps because of the founder’s lack of an heir, a major shareholder needing to liquidate their assets or because there is a realisation that survival and growth increasingly depends on being global. Our recent additions of PSEP in Malaysia and VIC in Italy are prime examples of how high quality manufacturers have been such welcome assets to support our future aspirations for strong growth, deriving from the drive of competent and ambitious team leaders around the Group.

Key strengths of any business clearly rely on quality products and services at competitive prices being offered to the appropriate markets; however, they fade into relative insignificance without being managed and motivated by the right people. We try very hard to encourage our people to grow their confidence and skills by personal training and development, and by avoiding the stifling of enthusiasm and initiative by micro management. Their loyalty and dedication is clearly indicated by the fact that around 40% of our staff have been with us for over ten years. Our annual recruitment of young, well educated apprentices ensures that we enjoy the benefits of new blood bringing in fresh ideas, alongside the stability and knowledge provided by older colleagues.

Without doubt *Trifast* is a people business before any other asset.

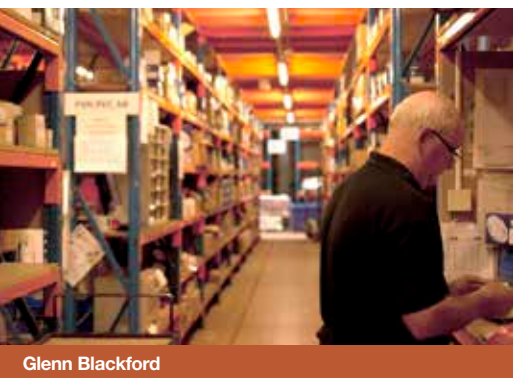
View more content online at www.trifast.com



STRATEGIC REPORT



Dave Brink



Glenn Blackford



Ross Delmon



Respected TR brand enhances our marketing

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group during the financial year has been that of the manufacture and distribution of industrial fastenings and category 'C' components.

A review of the business activity and future prospects of the Group are covered in the Chairman's & CEO's Statement and the Directors' Business Review.

A balanced and comprehensive review of the development and performance of the Group and its position at the year end is given on page 12 to 20.

A description of the principal risks and uncertainties facing the Group is discussed on page 26 to 27.

A description of the main trends and factors likely to affect future development is given on page 26 to 27.

Information on environmental and social issues is provided on page 32 to 39.

The key assumptions underlying the going concern basis of preparation are included on page 99.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Group does not follow any code or standard on payment practice as it is the Group's policy to settle creditors promptly on mutually agreed terms. The terms will vary from supplier to supplier and suppliers will be aware of the terms of payment.

For smaller suppliers where no terms are agreed, payment will normally be made in the month following receipt of goods or services.

The number of days purchases in trade payables at the end of the financial year for the Company was 55 (2013: 56) and 56 (2013: 61) for the Group.

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.

By order of the Board

Mark Belton

Company Secretary
Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW
Company registered number: 1919797



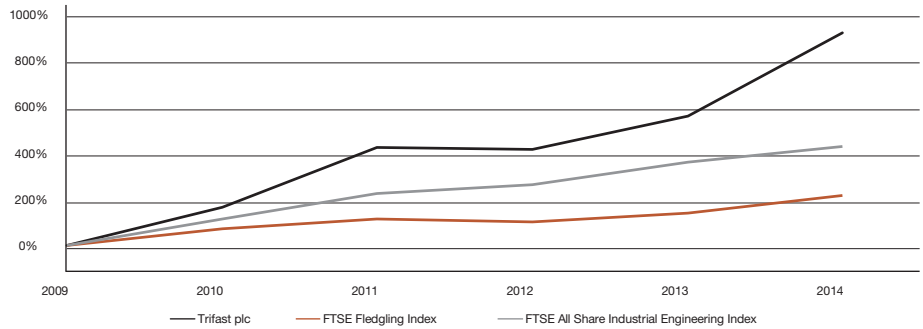
Self-clinch nuts manufactured by TR Formac Singapore

CHAIRMAN'S & CEO'S STATEMENT



TR's design & application engineering skills

The *Trifast* Board, management and staff take pride in reporting an impressive track record of Total Shareholder Return (TSR) since early 2009, especially when compared to the two relevant FTSE indices shown below for the same period.



In March 2009, the share price was languishing at around 8p; during this year being reported, the share price traded between 57p and 87p giving a market capitalisation at 31 March 2014 of £94.6 million (1 April 2013: £61.7m). As at 12 June 2014 the Group's share price closed at 127p, thus taking the market capitalisation from below £10 million in 2009 to over £141 million. This quantum leap in value is testament that our investors support our growth strategy and aspirations (recently underpinned with our largest acquisition in history which extends our offering and European footprint). This together with reasonable ongoing share trading liquidity has enabled *Trifast* shares to be promoted from the Fledgling index to be included within the FTSE Small Cap and FTSE All-share indices, from 23 June 2014. This inclusion widens the category of potential institutional investors. We consider that our enhanced profile coupled with our tangibly progressive dividend policy has positioned us firmly within the investor fraternity, whilst providing powerful motivation to our entire workforce to drive the business even harder for the immediate and medium term future.

Keith Sandells



BUSINESS OVERVIEW

Whilst pleased with this year's organic growth results, we have openly expressed our objective to accelerate expansion by strategic acquisitions; we have also committed to applying strict criteria to the structure and current/potential performance of selected targets. Although at any one time there is always at least one target under scrutiny, our selectivity clearly restricts our commitment to finalising a transaction; however, there are sufficient opportunities in our market for us to remain confident that continuing our search remains entirely legitimate.

This search for the 'right' acquisition has been highly active over a two year period since acquiring PSEP in Malaysia at the end of the 2011 calendar, and post the financial year end culminated in extending our business through the acquisition of Viterie Italia Centrale Srl ('VIC') in Italy which we completed on 30 May 2014. More detail about this acquisition can be found on pages 19 and 50.

Meanwhile, our ongoing 'self help' initiatives continue to make material improvements around the business particularly with gross margins — thus providing tangible impetus to our ongoing financial progress.

WHERE OUR ORGANIC GROWTH 'HOTSPOTS' ARE DEVELOPING

ASEAN Region (comprises Singapore, Malaysia, Thailand, Vietnam, Philippines and Indonesia)

The ASEAN Free Trade Area ('AFTA') is now revealing opportunities for *TR* as new factory investments are starting to favour the region, sometimes as an alternative to China. Part of local government incentives depend on the requirement for new participating beneficiary companies to source a minimum of 40% of materials and components from within the AFTA region. *TR* has two fastener factories in Malaysia and one in Singapore, thus providing a steady flow of potential new assembly customers moving into the region — sometimes from China.

For this reason, *TR* has strengthened personnel resources by setting up a subsidiary in Thailand and has registered for VAT in order to allow local currency invoicing. Our main sector targets are automotive (two and four wheel) and electronics (mainly consumer).



Once again, we congratulate and thank all of our colleagues around the world for these outstanding results yielded with less than a 1% increase in staff numbers employed”

Taiwan

Our operation in this region, Special Fasteners Engineering Co Ltd ('SFE') is already a strategic supplier to fastener distributors in Europe and the USA plus *TR* Fastenings as a group. Due to competitive pricing, quality and service for manufacturing specialised components, SFE is enjoying both full capacity and sufficient Return On Capital Employed ('ROCE') to actively seek opportunities to increase capacity of both buildings and plant, and these initiatives have gained full *Trifast* Board support.

Shanghai

Following extensive product and engineering training from *TR* colleagues in Europe last year, our Shanghai team (*TR* Formac) is gaining increasing business from sister plants of our existing automotive Tier 1 customers who are already long established with *TR* within Europe. This validates one of our core growth strategies set five years ago to develop global multi-national assembly customers that we can follow from country to country. The rising cost-driven trend for the major car manufacturers to establish 'global platforms' (the most costly component to developing the main floor pan) for example, the new imminent Ford medium saloon broadens our opportunities to offer common platform components, such as reclining seat bolts on a global basis ultimately to plants in Asia, Europe and the USA where uniformity of price, quality and availability is a minimum requirement to gain orders.

Shanghai is also gaining the benefit from mobile phone base station renewals as 4G technology supplants 3G, where the hardware is substantially different.

Our forecasting for the next three years reflects our confidence in the ongoing growth from both automotive and electronics sector dynamics within China.



Malcolm Diamond MBE & Jim Barker

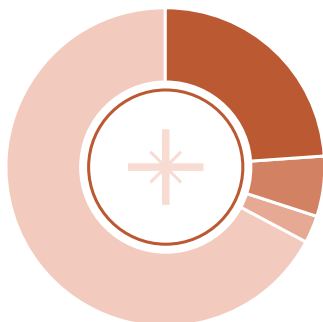


Our ongoing 'self help' initiatives continue to make material improvements around the business particularly with gross margins”

Jim Barker
Chief Executive

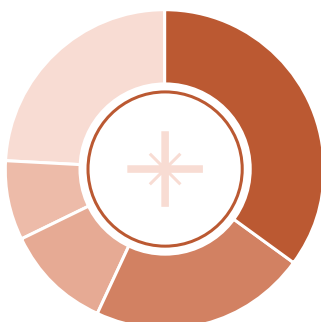
CHAIRMAN'S & CEO'S STATEMENT continued

MANUFACTURING & DISTRIBUTION



Manufacturing	24%
Distribution – TR Direct	6%
Distribution – Lancaster	3%
Distribution – OEM	67%

GROUP SALES BY SECTOR



Automotive	35%
Electronics	22%
Distributors	11%
Domestic Appliances	8%
Other	24%

As at March 2014

Singapore

Despite being in a high cost country, *TR* Formac Singapore continues to deliver strong margins, and for this reason our earlier thoughts of transferring the manufacturing facility across the border to Malaysia have been discounted as we now focus on new customer potential around the AFTA region, with particular emphasis on South Korea and Thailand.

Malaysia

Power Steel & Electroplating Works SDN (Bhd) ('PSEP') continues to expand its capabilities with high tech larger components as a key resource within *TR*, especially to automotive customers. Sales activity is now beginning to embrace Thailand as a key future potential market opportunity.

In order to prepare for anticipated expansion of demand for safety critical automotive components in the region, approval has been given for investing in an additional new large diameter cold forging machine to be installed.

This £1 million machine is a 'Best of Breed' multi-stage parts former weighing 42 tonnes. Manufactured in Japan this investment will provide a quantum leap in our production capability with regard to complexity and accuracy of customised components.



Large Diameter Cold forging machine for PSEP

USA

Our relatively new Houston location for *TR* Fastenings Inc continues to expand its resources, both with extra personnel and enlarged warehousing; we anticipate that there will be a year of consolidation in order to service the emergence of automotive opportunities arising from the increasing globalisation of component specification where *TR* already is supplying sister plants in Europe and Asia.



Our forecasting for the next three years reflects our confidence in ongoing growth from both automotive and electronics sector dynamics within China"

UK and mainland Europe

Following on from an excellent performance in the year under review, all of our UK, Ireland and mainland European business teams expect this trend to continue, driven substantially by automotive new model production start dates running from mid-2014 into 2015 as a result of exhaustive work involving concept and application engineering, estimating, quoting, prototyping and component testing undertaken as far back as winter 2012. Although the development cycle of new specifications can be as long as two years or more before production invoicing commences, these types of contracts tend to run for the lifetime of the vehicle, typically five to seven years. As a result, this restricts competitive activity to a relatively limited number of fastener suppliers who have the financial and engineering resources to cope with this level of complexity and delay, and even less, who can offer support on a global scale. We believe that this limited choice of alternatives to *TR* has, and continues to contribute to our organic growth.



Maria Johnson, Ian Carlton, Stevie Meiklem, Dave Fisk, Helen Toole, Colin Coddington, TR UK Management Board

TR Sweden had a particularly good year in terms of sales growth, profit and cash generation. This was in both the automotive and telecoms sectors, and TR Holland likewise enjoyed sales growth both in automotive and domestic appliances, whilst TR Hungary's growth has been predominantly in electronics.

The only division that has struggled is TR Norway, mainly due to the demise of traditional business emigrating to lower cost countries. However, much preparatory work has been done both on the supply and sales side to develop our business into the oil and gas industries which are so prevalent in the Norwegian economy; this new diversification is also proving to be relevant to our Scottish and Houston teams. We expect this sector focus switch to begin yielding both revenue and profit positive results by mid 2015.

Meanwhile, the electronics and white goods sectors show tangible evidence of recovery within Europe, which TR should benefit from, due to its strong presence in the electronics sector and the recent acquisition of VIC which operates predominantly in the white goods sector.

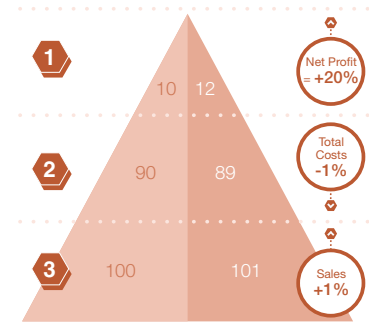
'CONTINUOUS IMPROVEMENT'

In last year's Report we highlighted the focus on sales, profit and cash, and also the adoption of the 80/20 Pareto Principle by each of the 15 UK and mainland Europe business team locations. This has been a major contributor to the profitability and cash generation improvement across all of these business teams and is now a constituent part of our routine operational disciplines and processes. This concept that '80% of our results come from 20% of our activity' has been widely accepted and is part of our induction and training programmes for everyone in the business.

It was also indicated that more sales applications engineers would be recruited; since then, we have added four new and experienced experts to the global automotive team. With clear geographic segmentation and targeted product category sales activity these developments and strategy rollout are reflected in this year's results. The product launch of plastic fasteners as a stand-alone new sector has proven very successful and has become a meaningful part of our growth strategy that is measured and reported to the Board on a monthly basis.

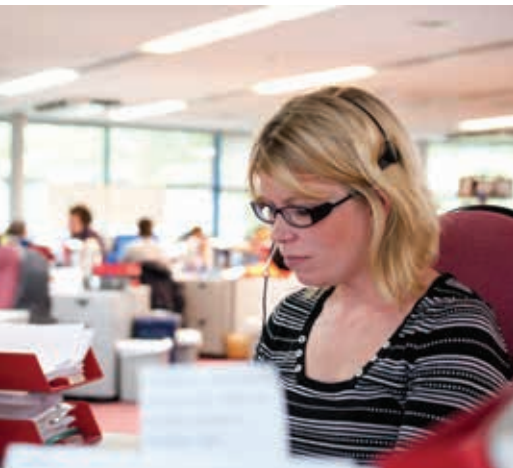


With clear geographic segmentation and targeted product category sales activity these developments and strategy rollout are reflected in this year's results"



source: John Winkler
 cost model example shows, if:
 sales of £100m: +1%
 variable costs of 50%: -1%
 fixed costs of 40%: -1%
 = +20% in profit

CHAIRMAN'S & CEO'S STATEMENT continued



Hayley Neilly

Ongoing margin improvement has been achieved by innovative Group sourcing policies, key vendor consolidation and freight and packaging efficiencies. Further software enhancements to our global sales enquiry portal during last year is enabling all new major Group potential contracts to be monitored at Board level at the time of quoting. This is a risk management process to ensure that our teams resist any price pressure that could result in them being tempted to apply sub-optimal margins in order to gain an order more easily. This direct 'power of veto' has been the main driver behind cost modelling enhancements and improving buy/sell margins with major OEM customers. Our mission is to sell 'total installed cost reduction', whilst the actual component price is usually only a small part of that equation.

It is for this reason that our marketing strategy for large volume OEM assemblers has been focused on senior management who are in a position to calculate the indirect costs of 'Goods In' processing and storage, deployment of components to the line, the cost of shortages and quality issues to production continuity, and the benefits of *TR* engineers assisting in new product optimum design and application. Whereas the procurement personnel are invariably only measured on price, which during the recent prolonged five year downturn has forced many component producers out of business. The irony that is developing, as recovery now slowly builds momentum, is that there are clear signs of restricted capacity in some component sectors, thus inevitably replacing the focus on lowest price with best availability. It is for this reason that the Board consider further investment in production capacity is timely.

Management development and succession planning is progressing on two levels. The *TR* Fastenings UK Board that was established in June 2013 has met regularly and proven effective in co-ordinating the key functions of sales, inventory management, finance, quality, HR and IT. The Management Development Programme for all UK and European Business Unit Managers is providing the dual benefit of improving overall business skills and awareness whilst at the same time enhancing the teamwork across numerous locations, an essential requirement for effectively supporting sister plants of multi-national OEMs where consistency of service, quality and price is a minimum in gaining preferred vendor status.

GROUP STRATEGIC OVERVIEW

The global fastener market has been estimated to exceed £25 billion per year and growing at a CAGR of 5% until 2022; therefore, current market share for *Trifast* is not a fundamentally relevant metric, but nevertheless clearly points to the huge opportunities ahead for growth by marketing our relatively unique combination of low cost/high quality manufacturing, global logistics resources and engineering design and application — predominantly to global OEMs.

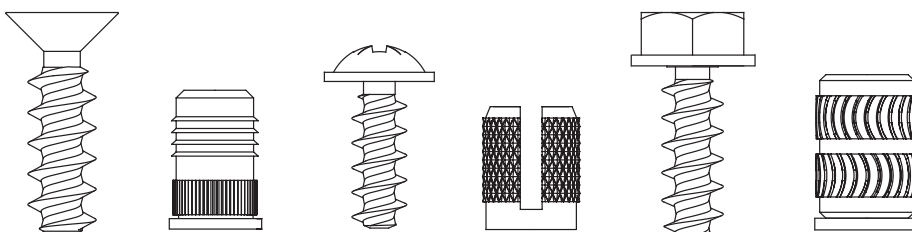
Although supplying multi-national OEMs is our foundation business model that currently yields 40% of Group revenue, this strategy is underpinned by five additional target markets (previously described as 'strings to our bow').



Promoting the *TR* brand is essential



Matthew Swainback





Sophisticated automated component inspection



Lee Turner



Production of a Hank Bush

TR's high quality manufacturing in Asia



CHAIRMAN'S & CEO'S STATEMENT continued



Steve Rex



Plastic fasteners now a core product

These are:

- **TR Branded products**
(specialised components for sheet metal, PCBs and plastic mouldings) supplied mainly to distributors in the UK, Europe and the USA
- **TR Direct**
standardised 'off the shelf' fasteners for next day delivery to OEMs in the UK
- **Lancaster Fastener Company**
expanding range of catalogued standard and specialised fasteners for next day delivery to distributors in the UK, Europe and beyond
- **Plastic fasteners and spacers**
for global OEMs — available both from inventory and to customer specification
- **Manufacturing licences**
acquired for specialised highly engineered large volume fastener applications for automotive and electronics OEM multi-nationals

The Management team is confident that this combination of strategic and dynamic business streams is not only driving our current organic growth, but will continue to do so for the foreseeable future; moreover, as the fastener supply sector remains highly fragmented, there is ample scope for consolidation by acquisition.

Following the successful acquisition of Malaysian based PSEP in December 2011, the Board has committed to the ongoing search for additional earnings enhancing acquisitions that deliver both a cultural and strategic fit with TR. During the year, we engaged closely with two opportunities, one a European distributor and the other, a US based manufacturer.

Although both were eminently strong culturally and strategically, unfortunately, after due diligence was undertaken, we failed to complete the transactions on the basis of current profitability and inadequate strategic and tactical resources for forward profit growth.

Agim Nela



We are very clear in openly declaring that we do not want to risk investor funds with turnaround requirements where either there is a lack of current operational profitability or competent incumbent management in order to financially justify growth by acquisition. Our search has continued for targets that 'add value' for minimal risk.

POST YEAR END ACQUISITION

Following extensive research and individual assessments of potential targets as explained above, shareholder approval was granted on 30 May 2014 for completion on the Class 1 acquisition of Viterie Italia Centrale Srl in Italy (normally referred to as 'VIC'). Summarising the key facts relating to VIC, below is an extract from our RNS announcement released from the London Stock Exchange on Tuesday, 6 May 2014:

- VIC is complementary to the Group's business model and significantly strengthens TR's presence in the domestic appliance market whilst also offering TR additional opportunities in existing electronic and automotive Tier 1 markets
- Funded from a new bank facility and minimal dilution arising from the allotment of consideration shares to the vendor
- A technological innovator, VIC is utilising its 'know-how' and customised approach in fastening applications gained from its leading position in the white goods industry and taking it into different markets, including the automotive and electronics sectors
- VIC has grown rapidly through integration and diversification of its product since its formation in 1964
- VIC offers tailor-made solutions and a highly efficient logistics service to a strong customer base
- Long-standing relationships and key customers encompass Europe's leading manufacturers of white goods, including Indesit, Whirlpool, Electrolux, Elica, BSH Bosch and Siemens
- VIC's operational management team will benefit from Trifast's global sales and marketing resources

- Acquisition will extend the Group's customer base as well as increasing TR's overall business with limited overlap
- Significant opportunity to grow the enlarged business consistent with Trifast's strategy and grow the combined businesses by selectively investing in new facilities, plant and machinery
- VIC will form a key additional part of Trifast's future expansion by providing an additional competitive manufacturing facility in Europe to complement the Group's existing resources in Asia
- VIC will be earnings enhancing, self-managing without the need for synergies

The feedback on this transaction has been extremely positive, with highlights being the logical strategic fit, the immediate earnings enhancement, the broadening of our domestic appliance customer sector and the introduction of major manufacturing capability into Europe — thus offering short lead times and protection from EU anti-dumping threats in the future.

This clearly had a positive impact on the share price.

IT'S ALL ABOUT OUR PEOPLE

The Board of Directors is under no illusions as to what is driving us forward in size, capability and profit, and so for that reason, we are in awe of what our TR management and their teams are achieving, and so offer our heartfelt appreciation and thanks for their unflinching efforts and 'can do' attitude.

We welcome also our new colleagues in Italy to the TR portfolio — we were delighted to receive resounding support from our investors at the end of May to enable us to complete the acquisition — we look forward to working with the team, sharing ideas, skills and resources.



TR Direct – 24 hour delivery



Lancaster constantly adding new products



VIC resourced for further growth



TR and VIC now working as one

CHAIRMAN'S & CEO'S STATEMENT continued



Continuing investment in automated inspection for zero-defect in Asia



OUTLOOK

The Directors are pleased to report that the business is continuing to benefit from the uplift in economic confidence and manufacturing output, this is being seen across a number of our key sectors and across our business units. *TR*'s focus on overhead control remains key whilst also balancing our investment for future growth; cash management continues to be highly effective and the balance sheet remains strong. We will continue to pursue opportunities to add geographic coverage, product range and customers to the *TR* footprint.

The Group entered this new financial year with confidence and enthusiasm; to date, underlying organic growth has been encouraging and this has been bolstered by the introduction of VIC into the Group and the opportunities that this brings.

Management remains confident that we can continue to deliver another strong performance and we look forward to keeping all stakeholders updated with our progress.



We will continue to pursue opportunities to add geographic coverage, product range and customers to the *TR* footprint"

Malcolm Diamond MBE
Executive Chairman

Jim Barker
Chief Executive

16 June 2014



FINANCIAL REVIEW

TR's KPI objectives set	Results delivered by: March 2014	
• Increase revenue, organically & acquisitively	✓	+ 7% Organic growth
• Increase profitability	✓	+26%
• Ongoing margin enhancement	✓	Increase to 7.5%
• Maintain positive cash generation	✓	+50% y-o-y
• Build on Return on capital (ROCE)	✓	Uplift to 16%
• Increase Earnings per share	✓	+26%
• Broaden the skills of management and staff	✓	The development and implementation of a new training matrix, succession planning and Apprentice schemes modules

It gives me great pleasure to report that we have had another successful year, building on the strong, solid foundations laid down in the previous years. In summary:

- all our target KPI's delivered, with top line Revenue growth
- strong overhead control contributed to a significant increase in underlying profitability to £9.2 million (2013: £7.3m)
- increase in net operating margins to 7.5% (2013: 6.6%)
- cash generation was particularly impressive with operating cash flows of £11.8 million up 50% on prior year
- cash conversion rate in excess of 100%
- ROCE improvement reflects the increase in operating profit and the Group's success in cash generation, which by March reflected a positive net cash position
- adjusted diluted earnings per share rose by 26% to 5.95p (2013: 4.73p)

REVENUE

The Group's key regions can be analysed as follows:

	Full Year 31 March 2014	Full Year 31 March 2013	% Increase
Continuing operations			
Revenue			
UK	£63.24m	£57.26m	10.4%
Asia	£38.36m	£38.85m	(1.3%)
Europe	£25.36m	£22.91m	10.7%
USA	£2.82m	£2.52m	11.9%
Total for the year	£129.78m	£121.54m	6.8%



Mark Belton



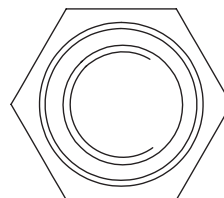
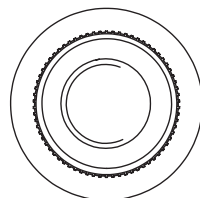
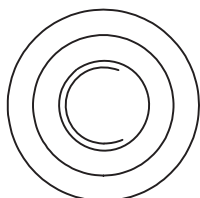
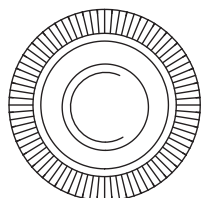
It gives me great pleasure to report that we have had another successful year, building on the strong, solid foundations laid down in the previous years”

Mark Belton

Group Finance Director



Read more about
Performance on pages 22-25



FINANCIAL REVIEW continued

+170bps
GP 27.7%

+420bps
ROCE 16.3%

20.2x
Net interest
cover improved

UK, Europe and USA all showed strong, organic growth in excess of 10%. The UK continues to benefit from the resurgence from the automotive sector as well as the general macro-economic outlook. Holland and Sweden also benefitted from the growth in automotive, whereas Hungary grew by 18% on the back of its electronic sales. Within Asia, although revenue was down 1.3%, this part of our business delivered an impressive performance which included 'back-filling' the end of two sizeable component supply contracts, which we highlighted in last year's Annual Report and delivering a set of results which was adversely affected by the weakening of the Asian currencies. Malaysia's currency for instance, weakened by 16% against Sterling, Singapore 11%, China 10% and Taiwan 12% respectively. The effect of this was a reduction in Asian revenue of £0.89 million; at constant currency the result would have shown a small growth for the Asian region.

Despite this foreign exchange impact on revenue, the Asian profitability has witnessed strong growth as shown below.

UNDERLYING OPERATING RESULTS

The underlying operating result across the TR represented regions can be analysed as follows:

	Full Year 31 March 2014	% of Sales	Full Year 31 March 2013	% of Sales	% Increase
Continuing operations					
Underlying operating result					
UK	£5.46m	8.6	£4.13m	7.2	32.2%
Asia	£5.27m	13.7	£4.41m	11.4	19.5%
Europe	£1.73m	6.8	£1.11m	4.8	55.9%
USA	£0.25m	8.9	£0.30m	11.9	(16.7%)
Central costs	(£3.01m)	(2.3)	(£1.98m)	(1.6)	
Total before financing costs	£9.70m	7.5	£7.97m	6.6	21.7%
Net financing costs	(£0.54m)		(£0.72m)		
Total underlying profit for the year	£9.16m	7.1	£7.25m	6.0	26.3%
Separately disclosed items	(£0.29m)		(£0.81m)		
Profit before tax	£8.87m	6.8	£6.44m	5.3	37.7%

With the exception of USA, which has been investing in additional resources to support their potential future growth, the other regions have showed respective increases in their operating margins. Underlying operating profit was up by 21.7% to £9.70 million, which has been achieved by increasing gross profit margins by 170bps to 27.7% (2013: 26.0%), whilst maintaining overheads at around 20% of revenue and an average headcount increase of only 1%.

Net financing costs fell by a quarter to £0.53 million (2013: £0.72m) reflecting the reduction in gross debt in the UK and Asian regions.

Overall this resulted in an increase in underlying profit before tax of £9.16 million (2013: £7.25m) representing 7.1% of revenue (2013: 6.0% of revenue).

TAXATION

Taxation in the period was £2.28 million (2013: £1.73m), which equates to an Effective Tax Rate ('ETR') of 25.6% (2013: 26.9%) — the decrease being assisted by the reduction in the UK tax rate. The Group's blended tax rate based on the geographical regimes was 20.9% (2013: 21.3%).

BALANCE SHEET

Despite the Group's increase in retained profit during the period, the net assets were only marginally up by 2.1% to £61.67 million (2013: £60.42m), as foreign exchange translation, largely resulting from the weakening Asian currencies reduced the Group's assets by £5.08 million. This consequently also impacted working capital which, as a percentage of sales, reduced significantly during the year from 30% to 26%, resulting in a positive effect on operating cash flow.

Cash generated from operations in the period was £11.83 million (2013: £7.87m) with net cash generated of £10.02 million (2013: £6.44m).

There was a decrease in the Group's property, plant and equipment to £11.83 million (2013: £13.36 million), which represents 11.4% of the Group's total assets. Intangible assets reduced to £16.96 million (2013: £18.37m).

The monitoring of inventory levels remains a priority and at the end of the year being reported, levels were consistent with the previous year at £30.57 million (2013: £30.44m). Net inventory weeks were 19.1 (2013: 20.2). Debtor days improved slightly at 65 days (2013: 67). Total bad debt charge for the year was £0.15 million (2013: £0.29m).

Modest capital expenditure of £0.84 million, predominantly within our ASEAN operations was at similar levels to last year. It is envisaged that during this current financial year ending 2015 further increased investment will be made, particularly at our Taiwanese and Malaysian sites.

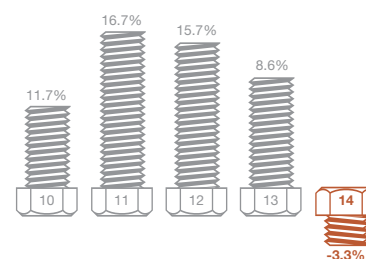
CASH FLOW

	Full Year 31 March 2014	Full Year 31 March 2013
Adjusted EBITDA*	£10.80m	£9.23m
Adjusted working capital changes	£1.03m	(£1.36m)
Adjusted operating cash flows	£11.83m	£7.87m
Cash conversion	109.5%	85.3%
Net capital expenditure	(£0.83m)	(£0.85m)
Taxation paid	(£1.81m)	(£1.43m)
Net interest	(£0.53m)	(£0.72m)
Adjusted free cash flow	£8.66m	£4.87m
Deferred consideration/Acquisition consideration	—	(£1.39m)
Proceeds from shares issued	£0.08m	£0.23m
Dividends paid	(£0.87m)	(£0.53m)
Net change in cash and cash equivalents	£7.87m	£3.18m
Net debt as at 1 April	(£5.20m)	(£8.41m)
Effect of exchange rate on net debt	(£0.64m)	£0.03m
Net debt as at 31 March	£2.03m	(£5.20m)

* Pre IFRS 2 Charge and intangible amortisation.

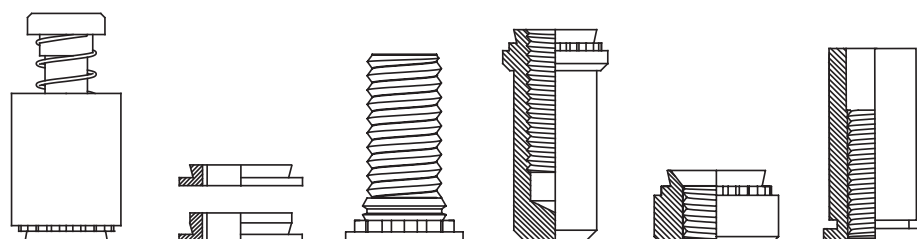
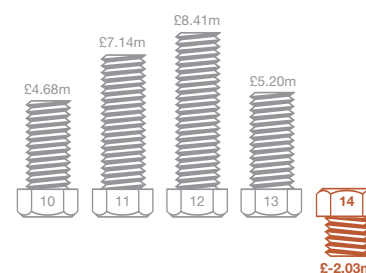
GEARING

-3.3%



NET DEBT

£-2.03m



FINANCIAL REVIEW continued



Carolyn Emsley, Lyndsey Case, Mark Belton, Maria Johnson, Jon Gibb



I would personally like to acknowledge the finance teams around the business who support and add value to the TR business teams”

Mark Belton
Group Finance Director

Group net cash balances as at 31 March 2014 were £15.50 million (2013: net cash £10.55 million) of which, £12.22 million was held in foreign currencies (2013: £9.47 million). Net debt at the beginning of the financial year stood at £5.20 million; at the year end the Group was in a net cash position of £2.03 million and gross debt fell by £2.28 million to £13.47 million (2013: £15.75 million).

With no gearing at the period end, the Group has been able to leverage up in order to complete and finance its recent move into Italy, more details can be read below (2013: gearing 8.6%).

POST BALANCE SHEET EVENT

On 30 May 2014, the Group acquired the entire issued capital stock of Viterie Italia Centrale Srl ('VIC') for an aggregate consideration of €27.00 million (£22.50 million).

The consideration for the acquisition comprised €24.15 million (£20.12 million) payable in cash on completion of the acquisition and €2.85 million (£2.38 million) to be represented by the issue and allotment of 3,000,000 shares of 5 pence each in Trifast plc, subject to adjustment in

the event that the agreed level of working capital was not left in VIC at completion. Under Italian law, the capital stock of VIC is represented solely by 'quotas' rather than shares, and Trifast will be purchasing the entire issued capital stock of VIC.

In addition, it was agreed that a further payment may become due to the vendors of VIC (the 'Vendors') depending on the performance of VIC over the twelve month period ending on 31 December 2014. If VIC generates a post-tax profit (as defined in the Acquisition Agreement) for the year ending 31 December 2014 which exceeds €3,000,000, then for each €1 above this sum an additional €5 is payable to the Vendors, subject to a maximum amount of €5,000,000. This sum would be paid once the post-tax profit has been calculated in accordance with the Acquisition Agreement. Until such time as these additional monies have been paid in accordance with the Acquisition Agreement, any warranty or indemnity claims can be off-set (if proved or settled) against monies due to be paid, and if any claim is not settled or resolved an amount can be withheld from the monies paid until this matter is resolved.

The cash element of the consideration is funded from a new bank facility, details of which are set out further below.

VIC had net assets and gross assets as at 31 December 2013 of €17.89 million and €31.88 million respectively. A summary of the trading results for VIC as extracted, without material adjustment, from the VIC historical financial information is below:

	Year ended 31 December 2013
Revenue	€27.07m
Gross profit	€7.90m
Profit before tax	€5.42m
Total assets	€31.88m
Net cash	€2.30m
Total equity	€17.89m

Note: Full details of the acquisition are contained in the Class 1 Circular issued to shareholders on 6 May 2014, a copy of which can be found on both our IR website and lodged at the National Storage Mechanism ('NSM').

GROUP BANKING

The Group had combined facilities within the UK of £23.30 million at 31 March 2014 and the business traded well within its facilities and covenants.

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

- a term loan facility of up to €25.00 million ('Facility A') used to fund the acquisition of VIC; and
- a revolving, multi-currency credit facility (RCF) of up to £10.00 million ('Facility B'), replacing the existing £5.00 million RCF.

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

Facility A is repayable in semi-annual instalments of €1.25 million on 31 October 2014, 30 April 2015, 31 October 2015, 30 April 2016 and 31 October 2016; then at the rate of €2.50 million payable on 30 April 2017, 31 October 2017, 30 April 2018 and 31 October 2018, with the final balance being payable on the date five years after the date of the facility.

Interest on the Facilities is charged at the aggregate rate of LIBOR/EURIBOR plus a margin (initially 2.40%), ratcheted from six months after drawdown in accordance with a formula incorporating the ratio of consolidated net debt of the Group against the consolidated EBITDA of the Group.

RETURN ON CAPITAL EMPLOYED

ROCE remains a key driver, therefore it is pleasing to report that this has increased to 16.3% (2013: 12.1%) reflecting the increase in operating profit and the Group's success in cash generation, giving the Group a net cash position at the period end.

EARNINGS PER SHARE

The adjusted diluted earnings per share ('EPS') which, in the Directors' opinion, best reflects the underlying performance of the Group rose by 25.8% to 5.95 pence (2013: 4.73p). Basic earnings per share increased by 38.5% to 6.08 pence (2013: 4.39p).

DIVIDEND

Subject to Shareholder approval at the Annual General Meeting which is to be held on 18 September 2014, the Directors are proposing a final dividend of 1.00 pence per share. This together with the interim dividend for 0.40 pence (paid on 18 April 2014) brings the total of the year to 1.40 pence an increase of 75% on prior year (2013: 0.80p).

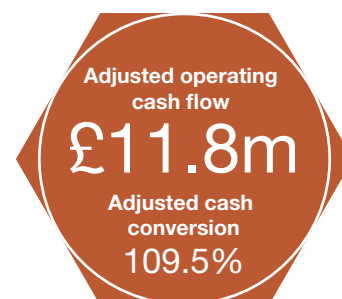
The final dividend will be paid on 17 October 2014 to Shareholders on the Register at the close of business on 27 June 2014. The Ordinary shares will become ex-dividend on 25 June 2014.

PEOPLE

I would personally like to acknowledge the finance teams around the business who support and add value to the *TR* business teams by delivering timely information and analytics which assist them to improve their overall understanding of their performance. I look forward to working with them all over the coming year.

Mark Belton





Group Finance Director
16 June 2014



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 objective in creating 'stakeholder value'.





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.

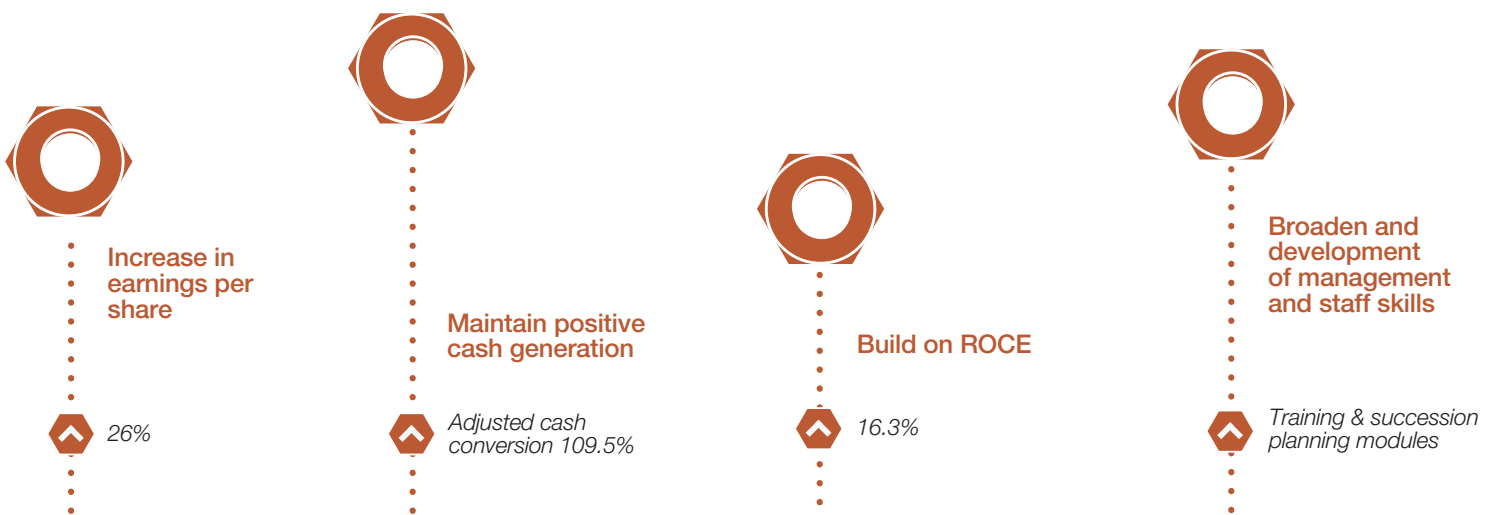
KEY RISKS AND UNCERTAINTIES	MITIGATION
PERSONNEL  <p>The Group's employees are its key asset as their skills and commitment provide the solid foundation that is important in delivering our future plans and long term success.</p>	<p>Training forms a key part of an individuals' personal development plan – with a clear HR strategy in place we operate an ongoing programme of rolling out new initiatives and modules to support both the Group's business plans and the personal goals of all our staff.</p> <p>The Group also has in place an 'emergency plan' to cover short term issues, however the Group has also developed its 'Succession Planning Module' which provides detailed plans in the event of, for example, loss of key personnel; including key officers who the Board consider to be 'the next generation' leaders. In circumstances where more specialist skills at a senior/operational or Board level are needed, learning programmes and development modules are instigated to assist with career development and learning pathways and added to personal development programmes which are undertaken internally or externally by suitably qualified personnel.</p>
QUALITY AND MANUFACTURING  <p>The Group operates stringent 'Total Quality Management' (TQM) procedures and measures its performance.</p>	<p>TR manufactures around 30% of its inventory, the balance being sourced from strategic manufacturing partners. As with key customers, TR regularly visit manufacturing operations to ensure that high standard operating procedure guidelines which cover production, security, logistics and quality are being adhered to.</p>
CURRENCY  <p>The business is exposed to currency movements relating to sales, purchases and cash borrowings particularly against the US Dollar and the Euro.</p>	<p>Currently, as far as practicable, TR hedges operationally but monitors exchange rates and will buy and sell currencies in order to minimise its exposure. It is also reviewing instruments available through its banking partners to reduce the Group's open exposure to foreign exchange rates.</p>
GLOBAL PROTECTIONISM  <p>Increasing evidence of growing trade protectionism around the world.</p>	<p>Geographically spread our supply chain sources.</p>

KEY:  Organisational & Operational  Financial  External

TR'S KEY PERFORMANCE OBJECTIVES REMAIN ONGOING:-



KEY RISKS AND UNCERTAINTIES	MITIGATION
<p>WORKING CAPITAL AND INVENTORIES  </p> <p>As the business continues to grow TR is required to carry additional inventory to meet its transactional and OEM business which could lead to an increased exposure to obsolete inventory.</p>	<p>From TR's involvement at the R&D entry point through the production life of a product and customer underwrite forms, control of obsolete inventory risk is kept to a minimum. The ongoing tight control over inventory purchases has seen us once again report a reduction in inventory weeks.</p>
<p>CUSTOMER FAILURE AND DEBTOR EXPOSURE   </p> <p>Serving over 5,000 customers in 50 countries bring complexity and inventory challenges.</p>	<p>The business operates very tight controls on debtors and working capital. Monitoring systems and reports in place assist in highlighting and managing debtor defaults and customers' trading; the impact of these controls is reflected in the reported accounts which show less than 5% Group exposure in balances overdue.</p>
<p>MACRO ECONOMICS   </p> <p>Currently Group revenue comes from across the UK (49%) and Asia (30%) with the balance from Europe and the Americas.</p> <p>Traditionally, whilst the distribution/manufacturing sectors bear the affect of inventory reduction in tough and challenging economic periods, TR protects itself to some extent from this by differentiating itself through 'added value' capabilities, such as, high levels of service, design & engineering support, customer partnerships and working practices.</p>	<p>The Global sales team and the Group's purchasing strategy provides TR with the opportunity to secure a larger market share despite a possible repeated reduction in overall market size; as previously stated in earlier publications, should another economic downturn be experienced across the world and TR was to secure as much as 1% of the global market it would see £500 million sales, so growth aspirations continue to be legitimate.</p>
<p>RAW MATERIAL PRICE INFLATION  </p> <p>Industrial businesses have to contend with fluctuating material prices, energy and freight costs, as well as 'cost down' pressures and inventory obsolescence.</p>	<p>The Group is exposed to raw material price increases in relation to steel, plastics and fuel. TR is able to monitor costs effectively and has the ability to pass on cost increases to customers, although in the current markets there can be a 'lag' as old inventories and contracts feed through and new supply prices take effect.</p>
<p>COMPETITOR PRESSURES  </p> <p>TR benchmarks its operations and services against several leading logistics providers, both in and outside its sector to ensure it remains competitive in its service offering.</p>	<p>As part of TR's business objectives it regularly addresses its logistics systems and focuses on reducing resource duplication where possible.</p>
<p>CYBER SECURITY   </p> <p>The Group recognise there is an increased exposure to cyber risk.</p>	<p>Group management has undertaken reviews and engaged the services of a third party company to review the Group's cyber risk controls. Recommendations have been put in place where required.</p>



LEADERSHIP — BOARD OF DIRECTORS



Mark Belton
Group Finance Director
& Company Secretary

Jim Barker
Chief Executive

Malcolm Diamond MBE
Executive Chairman

Geoff Budd
TR Europe Managing Director

Glenda Roberts
Group Sales Director



Through our desire to innovate and serve,
TR is recognised as a driving force within
the industry”

Malcolm Diamond MBE
Executive Chairman

EXECUTIVE DIRECTORS

MALCOLM DIAMOND MBE

Executive Chairman

Length of service

Total 32 years; re-appointed in 2009 to the PLC Board as Executive Chairman

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

Appointed Non Executive Chairman Flowtech Fluidpower PLC in 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

Length of service

Total 32 years; re-appointed 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 & Company Secretary

Length of service

15 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; Company secretariat function

Committee membership

By invitation

GEOFF BUDD

TR Europe Managing Director

Length of service

38 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

24 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

INDEPENDENT NON-EXECUTIVE DIRECTORS

NEIL CHAPMAN

Senior Independent Non-Executive Director

Length of service

5 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

5 years; appointed to the PLC Board in 2009

Key areas of expertise

Investment Fund management, stockbroking & 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

1 year; appointed to the PLC Board on 25 April 2013

Key areas of expertise

20 year career in both commercial & corporate structures across all major continents and cultures in: M&A, Global Logistics, Technology, Distribution and Manufacturing

Committee membership

Audit Committee and Remuneration Committee

LEADERSHIP – SENIOR PEOPLE



Every colleague around the business makes a difference, working together and embracing the *TR* culture”

Malcolm Diamond MBE
Executive Chairman



The *Trifast* Group of companies work as a global network organised to provide supply solutions wherever our customers need us”

Jim Barker
Chief Executive



Read more **Inside TR** on pages 41 to 63

ASIA



THOMAS TAN
Managing Director
TR Asia
Length of service 19 years

CHARLIE Y L FOO
Chief Operating Officer
PSEP, Malaysia
Length of service 42 years

WILSON CHEN
General Manager
SFE, Taiwan
Length of service 27 years

HK TAN
General Manager
TR Formac, Malaysia
Length of service 22 years

ENDY CHIN
General Manager
TR Formac, Singapore
Length of service 19 years

PHUA YONG SANG
General Manager
TR Formac, China
Length of service 9 years

EUROPE



CARLO PERINI
Managing Director
VIC, Italy
Length of service 21 years

ROBERTO BIANCHI
Managing Director
TR Sweden
Length of service 29 years

JAN-ERIK STORSVE
Managing Director
TR Norway
Length of service 18 years

RON VLUTERS
Managing Director
TR Holland
Length of service 16 years

ZOLTAN CSENGERI
Operations Manager
TR Hungary
Length of service 11 years

DARA HORGAN
Operations Manager
TR Southern Fasteners, Ireland
Length of service 21 years

UK



SAM WILSON
Managing Director
Lancaster Fastener Company
Length of service 33 years

DAVE FISK
Managing Director
TR Fastenings
Length of service 21 years

IAN CARLTON
Director of Quality
TR Fastenings
Length of service 16 years

STEVIE MEIKLEM
Purchasing & Operations Director
TR Fastenings
Length of service 22 years

COLIN CODDINGTON
IT Operations Manager
TR Fastenings
Length of service 19 years

MARIA JOHNSON
Finance Director
TR Fastenings
Length of service 8 years

HELEN TOOLE
HR Adviser
TR Fastenings
Length of service 4 years

USA



GARY BADZIOCH
Operations Director & Financial Controller
TR Fastenings Inc
Length of service 7 years

BRADLEY ALLEN
Strategic Business Development Manager
TR Fastenings Inc
Length of service 12 years

JOSEPH HAYMES
Strategic Business Development Manager
TR Fastenings Inc
Length of service 13 years

JAMES BOHANNON
Quality & Logistics Manager
TR Fastenings Inc
Length of service 15 years

GLOBAL SALES



CHRIS BLACK
Director of Automotive
New Business Development
Length of service 7 years

JEREMY SCHOLEFIELD
Director of Strategic Business
Electronic Sector
Length of service 14 years

MARTIN GREENWOOD
Director of Supply Chain
Development
Length of service 29 years

PHIL CALLAGHAN
Group Logistics Manager
Length of service 20 years

CORPORATE SOCIAL RESPONSIBILITY

1
SPORT RELIEF MILE
by the Lancaster Fastener Team

2
UCKFIELD GRASSHOPPERS
TR main sponsor of local childrens football team

3
YOUNG EMPLOYEE OF THE YEAR AWARD 2014
Uckfield Business Awards
TR key sponsor

4
UCKFIELD CYCLISTS GEAR UP FOR LONDON TO BARCELONA BIKE RIDE!
TR Fastenings was proud to support Team LONBAR in their charity cycle ride in aid of Chestnut Tree House



Team LONBAR

INTRODUCTION

The key objective of the Group's Directors and Operational Management teams is to remain focused on delivering 'Continuous Improvement' in relation to the overall objectives and 'performance measurables' for the business units. We adhere to high standards laid down in policies that deliver the best outcome for individual business teams, locations and, indeed, our suppliers and customers. The same approach is applied to our corporate social and business sustainability policies.

Our key Group objectives embrace Health & Safety, energy consumption within our operations, fleet vehicle fuel consumption and emissions, wasteful packaging, personnel travel, flexibility for staff compassionate leave (combined with pastoral care), ethical sourcing and supply chain freight logistics.

As stakeholders are aware, an increasing number of multi-national customers now undertake audits when validating potential new suppliers, therefore, our responsibility to further develop our own corporate social and business sustainability activities continues to evolve and extends beyond business ethics, environmental and community to include essential major customer compliance.

At local level, we encourage 'loaning' of staff, or other relevant Company resources to, for example, local charities, youth organisations, and hospices in order to assist and support them with their community activities. We consider that this approach adds more value, appreciation and satisfaction to all involved wherever possible, rather than indulging in 'cheque book charity'.

TR has developed close links with local educational facilities across the spectrum and actively promotes opportunities for work experience, classroom seminars, pupil and staff visits as we believe that this generally fosters a better level of understanding between *TR* as potential employers and the future providers of possible applicants for employment.

For example, IMAGE our Apprenticeship scheme and NVQ Business studies programme at *TR* Uckfield has given opportunities to a group of young local people who wanted to enter the workplace rather than proceed to further education. Now in its fourth year, this successful module is to be rolled out to other locations and we are very pleased to say that from this scheme we have developed a group of young enthusiastic people who have acquired new skills and understanding, and who are now using these to add value throughout the Uckfield business unit. They have acted as *TR* ambassadors and visited local schools to support our programme, as part of their own career and life development programme. As a business, we fully endorse the UK Government in its aim to support and encourage businesses to offer apprenticeship schemes for young people, to ensure that we encourage a steady inflow of 'new blood' into industry and that they can be trained to learn and become the next generation of business leaders.

THE BUSINESS AND THE COMMUNITY

Trifast recognises the role local communities play in our businesses. We aspire to be a responsible partner in the communities in which we operate around the world. We encourage all our businesses to support the particular needs of their communities by contributing to local charities and community initiatives.

Most of our financial contributions to charities come from the effort and personal involvement of our staff around the Group, with tangible support from the Directors with regard to allowing flexible working, auctions, dressing up days and the use of our premises for fund raising. Not only does this provide real benefits to local communities but has the distinct advantage of further enhancing team spirit amongst our staff.





We are constantly improving our business impact on the environment

BUSINESS ETHICS

All of the Group’s business activities are expected to be conducted in accordance with high standards of ethical conduct and full compliance with all applicable national and international laws. We apply these standards to all dealings with customers, suppliers, employees and all other stakeholders.

Our ‘Code of Business Ethics and Responsible Behaviour’ provides a guide to the way we achieve our business goals, helping us to behave in an open and ethical manner. This extends to provisions for ‘whistleblowing’ whereby employees may report suspected wrongdoings in confidence. Appropriate ethical behaviour is reviewed as part of the Group’s performance appraisal process. We have extended this Code to our vendors/suppliers.

This requires our key strategic suppliers to work towards achieving, as a minimum, standards covering such issues as the environment, employee Health & Safety

and the prohibition of child labour, which through business reviews and on-site visits, encourages compliance and good practice within our supply chain.

We will also do our utmost to contract only with sub-contractors or suppliers who themselves adhere to international human rights and environmental laws and practices. TR commits to monitor the ethical performance of its key suppliers and to taking immediate steps in cases where the ethical performance of its key suppliers comes into question.



Sport Relief Mile, Lancaster Fastener Team



Appropriate ethical behaviour is reviewed as part of the Group’s performance appraisal process”

Ian Carlton
Director of Quality

CORPORATE SOCIAL RESPONSIBILITY continued

6

CANCER RESEARCH UK

fundraising by *TR* employee, Kat Babb and *TR* sponsored summer lunch organised by the Crowborough Volunteer Committee

7

TR SPONSORS NEW FOOTBALL TEAM

TR employees football team play every Wednesday night at Freedom Leisure in Uckfield

8

CHILDREN IN NEED 2013

TR head office hosts bake off

9

PHIL EDWARDS AND WEALD EVT

sponsoring UK engineering talent

10

THE CHILDREN'S ADVENTURE FARM TRUST

receives *TR* Fastenings support



All key suppliers to the business are required to agree and sign our comprehensive 'Quality and Sustainability Agreement' before entering into a trading relationship with *TR*.

This agreement fully covers the suppliers Business Ethics, Health & Safety and Environmental Management with regard to national and international laws (including labour and ethics) along with submission of their written policy and contact details of the person(s) responsible within their organisation.

We also encourage suppliers to support their local communities and expect evidence of this to be available on request, plus we require all suppliers to sign separate corporate social responsibility and business sustainability statements.

1.2 BUSINESS ETHICS

TR Fastenings expect all of our business activities to be carried out in accordance with high standards of ethical conduct and full compliance with all relevant national and international laws.

To achieve this we require suppliers to comply with all applicable legislative requirements in relation to labour and ethics. We expect suppliers to have a written policy, details of an implementation programme, and contact details for responsible persons available upon request.

1.3 HEALTH & SAFETY AND ENVIRONMENTAL MANAGEMENT

TR Fastenings runs a robust and well established system of Health & Safety and Environmental Management throughout the Company, which demands compliance with all laws and ISO14001 where applicable.

TR Fastenings routinely audits, assesses, monitors and carries out training to ensure that our Policy and strategy are implemented effectively.

Our suppliers are required to comply with all relevant national and international laws. Suppliers must be able to provide evidence of policies, risk assessments, insurances, licences, contact details, accident/incident figures, and any other legally applicable documentation upon request.

1.4 COMMUNITY

As a global company *TR* Fastenings recognises the role that communities play in our business. We encourage all areas of our Company to support the needs of their local community by contributing to local charities and community initiatives.

We also encourage our suppliers to support their local communities, and expect that evidence of this is available upon request.

The Company business at all times must be carried out in an honest and ethical manner and its policy is one of zero tolerance to bribery and corruption. Above are extracts from the *TR* Supplier Agreement.

ENVIRONMENT

Good environmental practice and the impact that our operations have on the environment are of great importance to TR.

The main aim of the Group's Environmental Policy is to comply with all relevant legislation in all areas in which we operate and to adopt responsible environmental practices. We have established a process for monitoring legislation and acting upon it where necessary. Business units are required to comply with Group policy and local statutory regulations, and are committed to setting their own environmental targets such as improving energy efficiency, reducing waste and increasing recycling in conjunction with Group objectives.

- In respect of waste management specifically, we use the services of an external professional agency to manage and monitor activities using health check compliance audits and advice on data collection systems. Promoting recycling, we follow the agency's recommendation for appropriate waste disposal
- Group performance and risk reviews are undertaken via Management Review on a regular basis and reported directly to Jim Barker, Chief Executive who has Main Board responsibility for the Group's Environmental Risk Policy. TR will communicate any significant environmental impact with third parties on request
- Our Fleet Manager focuses on manufacturers who can supply vehicles with below average carbon emissions
- Our Logistics Managers continuously review the efficiency of our van delivery routes in conjunction with customers in order to examine opportunities to reduce delivery frequency, and where appropriate, to outsource 'far flung isolated' routes to daily delivery freight specialists. This has resulted in our van fleet being reduced by 25% since March 2009 — this has delivered significantly reduced mileage, costs and carbon emissions. The TR Uckfield office and warehouse facility has begun to recoup the capital cost (first of four year target set last year) in energy savings and reduce the actual carbon footprint since the investment in replacement HVAC

- The utilisation of video conferencing systems around the business continues to assist us to significantly reduce costs and 'lost time' from staff travel needed in a multi-site operation involving 31 business teams located in 16 countries

ENVIRONMENTAL STATEMENT

TR seeks to prevent, mitigate and remediate any harmful effects its operations have on the environment. The aim of the TR Group Environmental Policy is to manage our impact on climate change. Our worldwide facilities are required to operate to the Group policy, global standards, and local statutory regulations. We promote environmental awareness throughout the business via these standards.

The ISO4001 certification was renewed in a number of TR locations. TR locations that are not certified are stringently audited to the ISO14001 standard annually. TR had no environmental incidents reported in the 2013/ 2014 reporting period.

Our impact on the environment is minimal. Water usage is confined to workplace cleaning and hygiene, electricity usage in the distribution facilities is for lighting and office utilities and gas usage is primarily for warehouse and factory heating. Waste packaging and transport fuel consumption is a KPI of the business with measures, monitors, reviews and actions reported monthly.

GREENHOUSE GAS EMISSIONS

The following CO₂e Intensity ratios are reported in accordance with the large and medium-sized companies and Groups (Accounts and Reports) Regulations and are calculated in accordance with the Defra carbon conversion factors published in 2013. This report has been compiled in accordance with the WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

Our reported GHG emissions data includes all businesses that are European, Asian and American subsidiaries of the Group for financial reporting purposes, with the exception of leased floor space taken up in third party logistics companies.



Cancer research summer lunch



TR's football team



Wayne Rosser



Take a look at: www.youtube.com/wealdevt

CORPORATE SOCIAL RESPONSIBILITY continued



Our emissions data includes all material emissions of the six Kyoto gases from direct sources, and from purchased electricity, heat, steam and cooling where applicable. No direct source material emissions have been omitted.

Date period for reporting	1 April 2013 – 31 March 2014
Total scope 1 Emission	982 tonnes of CO ₂ e
Total scope 2 Emission	4360.2 tonnes of CO ₂ e
Total GHG Emission for Trifast plc	5342.2 tonnes of CO ₂ e

CARBON FOOTPRINT



FIGURES ARE REPORTED IN TONNES OF CO₂e (CARBON DIOXIDE EQUIVALENT)

Reports are calculated in the following ways:

- Tonnes of CO₂e
- Tonnes of CO₂e per FTE (Full Time Equivalent)
- Tonnes of CO₂e per SQM (Square Metres of floor space occupied by the Company)

ENVIRONMENTAL IMPROVEMENTS

As per the TR ISO14001 register of significant impacts, the major impacts are the volume of packaging waste produced and the fuel used by our delivery vehicles.

- Through various recycling and reduction initiatives we have reduced our waste costs over the last three years from £6.00 per 100 product lines delivered in 2011 to £1.00 per 100 product lines delivered in 2013
- In 2011 a major project commenced to review the required number of delivery vehicles needed to run the business verses the impact on the environment that the vehicles have. Delivery vehicles are an intrinsic necessity of a successful distribution business therefore the strategy is to ensure that the minimum number of vehicles are utilised effectively
- In 2011 the TR delivery fleet consisted of 32 vehicles travelling 1.67 miles per product line picked, in 2013 we are now travelling 1.15 miles per line picked with 26 vehicles; this equates to a 19% reduction in the vehicle fleet. In the same period we have experienced a 66% increase of product lines picked per month

EMPLOYEES

Our employees are our greatest asset and we recognise that the Company's performance and its success within our market place is directly related to the effectiveness of our people, who deliver the high quality service, technical expertise and product quality across our 5,000+ customers from independents to multi-national global accounts. TR aims to attract, retain and motivate the highest calibre of employees within a structure that encourages their development and initiative.

Employees are provided with ongoing learning and development opportunities that are aligned to the Group's strategic and business units' objectives, and formal personal development programmes operate where linked to the Group's objectives.

To retain and add to the skills of our dedicated and committed workforce, we continue to enhance our HR resources through professional managers and technology, so as to provide an

all-encompassing HR tool for each staff member that identifies and meets their future training, personal development and support services.

All of these processes are reinforced with appropriate remuneration incentives and are on recognised systems.

EQUAL OPPORTUNITIES POLICY

Trifast is an equal opportunity employer. We are committed to ensuring within the framework of the law that our workplaces are free from unlawful or unfair discrimination because of Protected Characteristics;

- Age
- Disability
- Gender reassignment
- Marriage and Civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- 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.

COMMUNICATIONS

We aim to maintain a productive and open dialogue with all interested parties in our business including customers, employees, shareholders and suppliers through for example:

- established customer relations and customer satisfaction surveys
- the monitoring and development of supplier performance reports
- undertaking regular employee surveys
- maintaining our investor and commercial websites as one of the main routes for providing information to interested parties and for contacting us

The Board is also dedicated to investing time and effort into ongoing improvements in all aspects of TR's internal and external communications by prudent use of digital media to supplement verbal interaction with supporting materials.



CORPORATE SOCIAL RESPONSIBILITY continued



During the year, the lead team at *Trifast* continued the 'TQM Tour', a highly successful communications module re-introduced in 2010. It involves visiting business locations at least once a year in order to interact with the staff and operational management teams so as to keep them updated on the Group's progress and performance in some detail. This approach has encouraged interaction and open dialogue, questions and feedback on all aspects of the business and its plans, and we are always encouraged by the interest shown across all levels of the business — we have been able to work with our colleagues and ensure that as a team we create the right environment to develop our people and overall productivity.

Our Group marketing team works in partnership around the business, both at home and overseas, designing and distributing multilingual material to support local market activities as well as internal news publications that help to keep our people informed about, for example, new business wins, exhibitions plus job functions and profiles of colleagues around the globe.

In addition they work with the senior management and external agencies on projects that assist the profiling of the business both commercially and for all stakeholders. During the year, *TR* marketing supported colleagues at a number of trade events helping to underpin the strength of the *TR* brand and its global capabilities and offering.

The Group believes that utilising electronic communications (where appropriate to do so) delivers savings to the Company in terms of administration, printing and postage, as well as environmental benefits such as through a reduction in energy and paper and consumption of inks. The Board supports this ethos; *Trifast* is not proposing to bulk print future Financial Reports. Copies can however be specifically requested by individuals and shareholders; pdf copies will be available to view and download from the investor website in a timely manner following release to the market. The management team also consider that using this methodology speeds up the provision of information to existing and potential new institutional and private client shareholders.

HEALTH AND SAFETY

Trifast is committed to ensuring the health, safety and welfare of all employees and sub-contract activities within the Group, by complying with all relevant Health and Safety legislation, regulations and approved codes of practice.

We have detailed the Health and Safety responsibilities of all employees throughout the Group, and have appointed key individuals at every place of business, who are responsible for ensuring that the standards laid out by the Director of Quality in the Company Health and Safety Policy, are maintained at all times.

The Managing Directors and divisional General Managers are supported by the Business Process Manager, they work together to ensure regular risk assessments and internal audits are completed regularly, our audits are reinforced by the use of our British Safety Council membership. All business units provide their employees with relevant Health and Safety training. Risks identified, audit non-compliances discovered and accidents reported become a part of the Quality Management system and are investigated utilising root cause analysis methods. This has been set up to ensure that corrective and preventative actions are robust and effective.

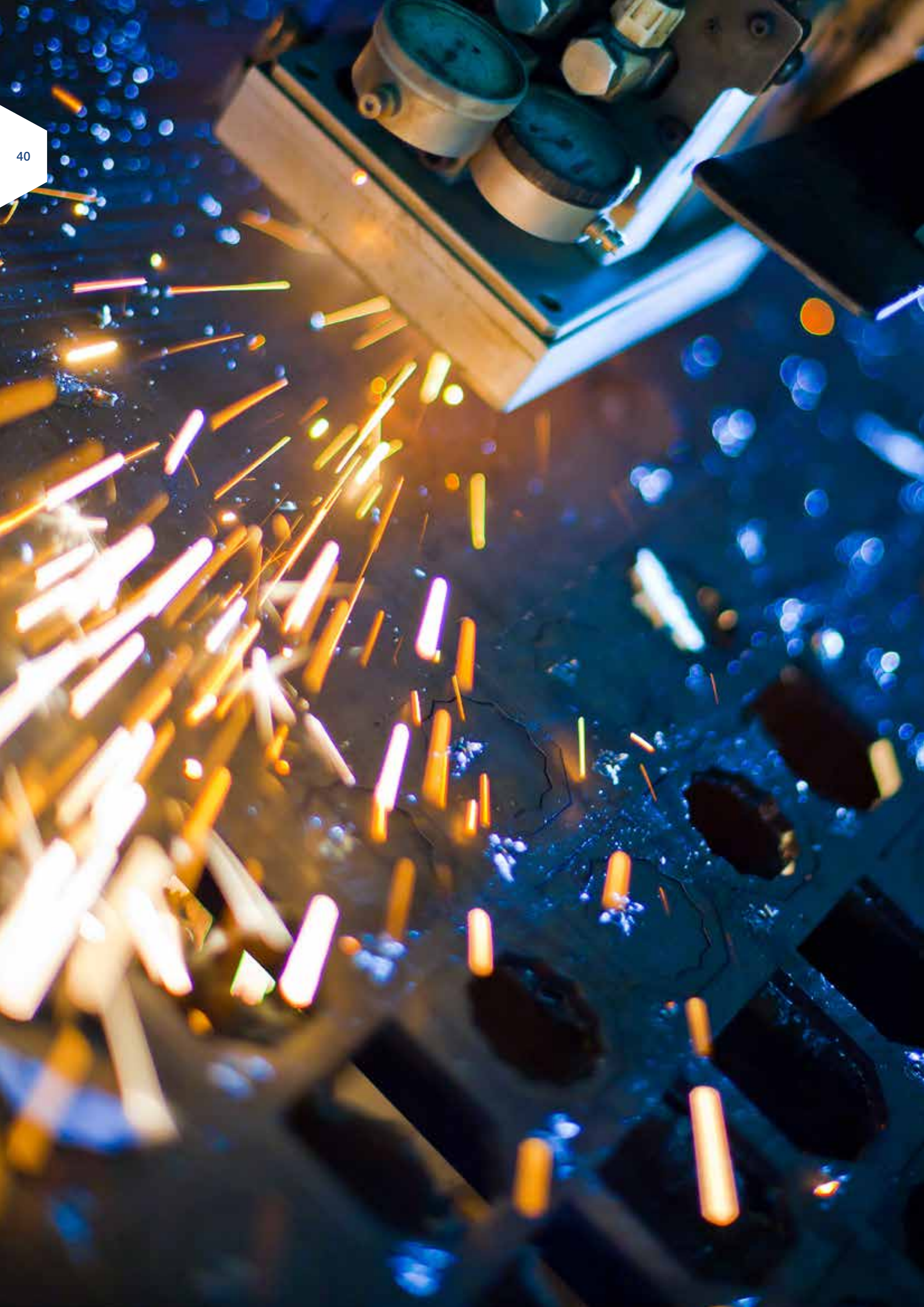
Our Health and Safety Policy places responsibility for the management of Health and Safety on the individual business unit management, who are supported by the Business Process Manager and divisional Health and Safety representatives.

Monthly Health and Safety reports are submitted and discussed as a standard agenda point at all Main Board meetings.

We continue to work towards our target of 1 million accident free working hours, and have so far achieved 479,655 hours. In the financial year 2013/2014 the accident rate per average head count was 0.02% hours lost due to reportable incidents.



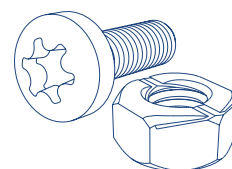






02 TAKE A LOOK AT 'TR'

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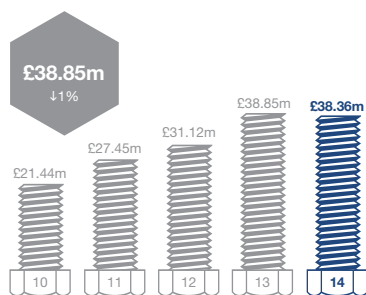
OVERVIEW – ASIA



Phua Yong Sang, Thomas Tan, Endy Chin, Hai Joo Toh, Charlie Foo, David Ng, HK Tan, Wilson Chen

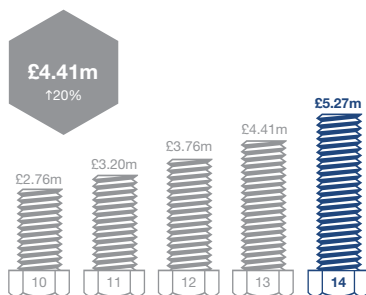
ASIA REVENUE

£38.36m



ASIA OPERATING PROFIT

£5.27m



ROUND-UP OF THE ASIA BUSINESS

TR Asia has produced yet another year of creditable results. Operating profit grew by 19.5% against the previous year as a result of emphasis being placed on improving profit margins. During the year we experienced strong growth coming from the automotive sector, as well as the recovery in the telecommunications sector powered by the global 4G infrastructure drive. The automotive sector now comprises the largest share of TR Asia's total business, and this share is expected to increase substantially in the coming years. The sectors occupying the next biggest shares of TR Asia's total business are the home appliance, information technology and contract manufacturing sectors.

To date, TR Asia has seven legal entities in six Asian countries, namely Singapore, India, Thailand, Malaysia (two entities), Taiwan, and China, comprising six manufacturing sites plus numerous sales and distribution centres.

TR Singapore has continued to lead the Asian sites, with 31% of total sales revenue for the Asian region. It manufactures fasteners mainly for the home appliance and information technology sectors. The site also manufactures self-clinching fasteners which it sells through distributors. TR Singapore prides itself as a manufacturer of complicated high quality parts with zero-defect capabilities, thus being able to maintain its profitability in one of the highest cost countries in Asia.

TR PSEP in Malaysia has shown resilience in the face of declining business from its biggest customer, Proton, a national automotive manufacturer, which is steadily losing market share to imported cars. Our efforts in localising parts for Perodua (a Daihatsu joint venture) have paid off, as shown by a gradually increasing number of orders. Other projects in the pipeline will come on-stream in the new fiscal year. Automotive fasteners comprise 74% of the business, with the other 26% being compressor fasteners for home appliances.

TR SFE in Taiwan has performed exceptionally well, attaining record high sales, mainly due to the recovery in the automotive and general industrial sectors in Europe and North America. The order book has been very healthy throughout the year, and we expect the same in the new fiscal year. SFE sells mainly to distributors in both Europe and North America, with 60% of demand for fasteners coming from the automotive industry.

TR Shanghai in China has started to experience an uptick in business following the recovery in the telecommunications sector, where players have been rushing to fulfil 4G infrastructure demand globally. Strong growth also came from manufacturers of medical equipment and motor vehicles. Much work had been put into developing automotive customers during the year, and we are now beginning to see an increase in orders, which is expected to continue over the next two years.

TR Malaysia has yet to recover from the downturn in the audio-visual sector, where its main customer has been experiencing poor demand for its products. The TR Malaysia team is making encouraging progress in targeting other OEM customers in the region in order to reduce its specialisation within the audio-visual market.

TR India has done well with western owned operations, despite challenges from local manufacturers who have cost advantages, mainly with standard specification components. Additional manpower is in our forward plan for deployment to cover a larger area in this vast country.



TR Thailand was established during the year, operating using the same model as *TR India*. The recent political turmoil in Thailand has temporarily slowed down growth, but we are optimistic about future opportunities, especially with local government incentives for international OEMs to establish new factories in the region.

GOING FORWARD

During the year, each site in Asia has been pursuing individual business development opportunities. Many of these projects, especially those in the automotive sector, will take time to come on-stream. Strong growth is therefore expected over the coming two fiscal years. We will continue to sustain and grow existing businesses while developing new opportunities around Asia. The main focus will be on the automotive sector, where we have been successful in winning orders, often as a result of being specified on global platforms and sub-assemblies designed in Europe and the USA.

Due to the increasing demand for zero-defect parts, investment in state-of-the-art production and inspection equipment is absolutely essential in order to gain competitive advantage, and we are reassured by the support coming from the *Trifast* Board for our increasing capital expenditure requirements.

Investment in people continues to take top priority. I sincerely thank the loyal, hard working and capable Regional Managers and their staff, without whom we would not be able to grow *TR Asia* year after year as consistently as we have.



Thomas Tan



We will continue to sustain and grow existing businesses while developing new opportunities around Asia”

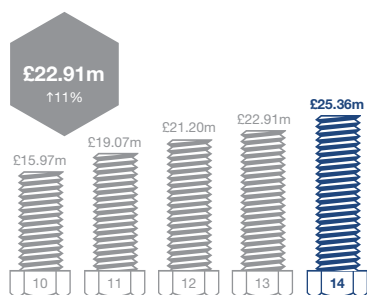
Thomas Tan
TR Asia Managing Director

 Read more about **Asia** on pages 13 & 14

OVERVIEW – UK & MAINLAND EUROPE

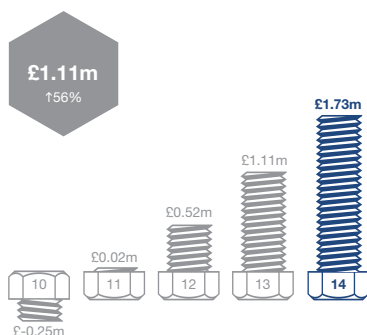
MAINLAND EUROPE REVENUE

£25.36m



MAINLAND EUROPE OPERATING PROFIT

£1.73m



TR UK

TR UK has had an outstanding year, and more can be read in the review by Dave Fisk.

I congratulate Dave and the TR UK management team for their excellent teamwork, with advances in sales activity and systems improvements, leading to significant sales and profit growth.



Dara Horgan

TR Southern Fasteners

Under the leadership of Dara Horgan and working closely with Stevie Meiklem and the rest of the TR UK management team, our operation in Ireland continues to produce solid returns.



Zoltan Csengeri

TR Hungary

Zoltan Csengeri leads the team under the mentorship of Stevie Meiklem, who is a member of the TR UK Board. TR Hungary supplies a diverse range of customers, many of whom are international companies, who have relocated their operations to Hungary. TR UK in Scotland provides ongoing technical and commercial support which has helped develop the skills of the local team yielding excellent results.



Ron Vlutters

TR Holland

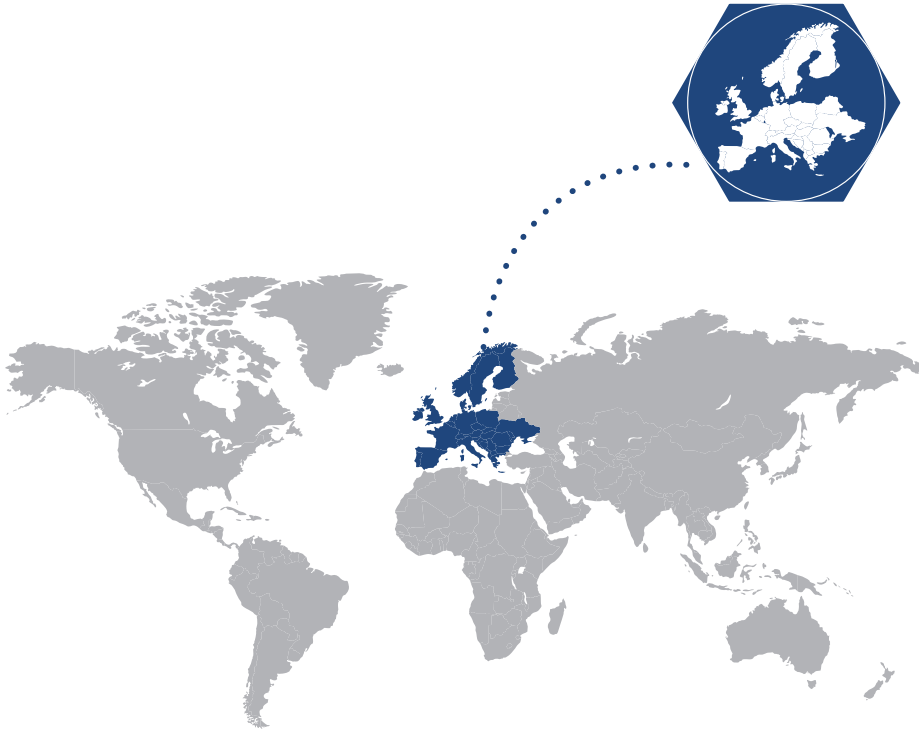
This business, led by Ron Vlutters, concentrates on supplying the automotive industry, selling to many European countries including Germany, Poland, Slovakia and Spain. This clear focus has led to significant sales growth and an excellent result.



Roberto Bianchi

TR Sweden

This team focuses on engineered solutions. Supplying mainly into the automotive and telecoms sectors. Managing Director, Roberto Bianchi encourages an understanding of the applications of customers and with experienced engineers and computer aided design and inspection equipment, this business has again seen pleasing growth in both sales and profit.



Geoff Budd



This has been a most successful and rewarding year and I would like to acknowledge the fantastic work by all of our people”

Geoff Budd

TR Europe Managing Director



Read more about our **Technology & Innovation** on page 56 & 57



Jan-Erik Storsve

TR Norway

TR Norway’s traditional customer base has been in decline in recent years. However, under the leadership of Jan-Erik Storsve, the team is now developing new activities in the oil and gas industries, where we are beginning to see success and are looking to develop further opportunities.



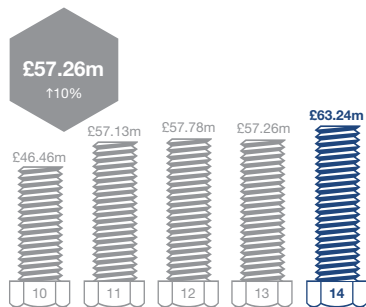
Sam Wilson

Lancaster Fastener

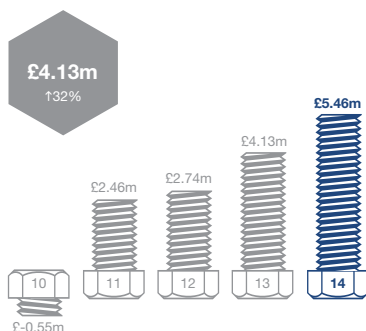
Lancaster is an excellent barometer of industrial activity in both the UK and Europe because it only sells to fastener distributors and consequently sales volumes tend to be cyclical. Managing Director Sam Wilson, along with his key managers, maintains substantial stocks of a very wide range of catalogue parts and is therefore in an advantageous position to satisfy these swings in demand.

OVERVIEW – TR UK

UK REVENUE £63.24m



UK OPERATING PROFIT £5.46m



LAST YEAR

Another set of positive results were delivered in 2013–14 from the TR UK locations with support from the other business teams. Sales neared double digit growth in the UK whilst the location heads managed to retain good overhead control. Net cash inflow for UK & Ireland was also up by 30% in the year. Inventory turn remained steady despite extended lead-times from Asia.

TR UK Manufacturing output forecasts remained optimistic during the year as our large OEM, distributor and TR Direct customer segments all enjoyed increased sales at varying levels across the Company.

Our strategies with regard to the automotive and electronics sector, transactional sales and products have all been key contributing factors to our results. We have seen notable growth within all sectors associated with our launch of plastic fasteners, cable management and PCB hardware. Sales of TR Branded sheet metal products to our master distributor network across Europe have also increased significantly. Exports are up 30% since this time last year.

Low-cost sourcing projects coupled with efficiency gains achieved through our progressive ‘self-help’ initiative programme continue to drive improvements through our operations. These could be related to all aspects of our business e.g. reviewing obsolescence, high activity transactions, low-cost transactions, supplier and customer trends, customer and warehouse logistics picking or labour costs. By utilising the Pareto approach (integral in a world of multiple transactions, part numbers, suppliers and customers) we have been able to manage a large number of high impact projects with reduced effort, enabling us to manage resources effectively whilst still growing the business.

Our location heads assess on a regular basis existing customer trends and new business opportunities via our logistical profit model TR UK developed between Operations and Finance.

Production line logistics



The strength of knowledge, experience and commitment shown by our people in realising these opportunities has been a key contributor to our success in the UK. Personally, I would like to thank all my TR UK colleagues for their continued support, dedication and co-operation. An impressive set of results has been achieved which I know for a fact do not happen on their own!

ORGANISATIONAL OBJECTIVES

As a UK Board, we have consolidated our management structure within the UK. In previous years the UK was split into regions with separate management teams. By simplifying the structure and working as one, we have found easier, more efficient ways of working between the locations, Group services and UK functional heads.

The following objectives were started last year and are making good progress:

- Functional approach to streamlining processes and best practice within the UK
- Clearly defined responsibility, drivers & accountability
- Development of the UK business through the integration of central services and UK operations
- Holistic approach to meeting corporate objectives and strategic KPI's set by the plc Board

The Leadership programme implemented in 2013 has been the vehicle for change and co-operation as the location heads work with the relevant functional heads over a series of three-day workshops.

In this networking environment the team has been developing more cohesive ways of working, sharing best practice and experiences between sites, and supporting each other day-to-day as and when required. With a more integrated way of working, this has already helped to facilitate some exciting opportunities.

INVESTING FOR THE FUTURE

Last year we invested in sales, products and engineering resource. This year we have requirements within the commercial and quality side of the business linked to the success of automotive and electronics globally.

Additional investment is being looked at for our warehouses to further enhance our efficiencies and ability to grow without needing larger premises.

We plan to implement Inventory Management software across the UK later this year. This will be a 'bolt on' to our own existing system and will assist us greatly in optimising our demand planning, service levels and inventory management.

We are looking for additional support within the IT team, the growing importance of cyber security being one of our priority projects this year.

OUTLOOK

At the time of writing, the new financial year has got off to a good start. Enquiry levels are at the highest for over twelve months and our sales trends continue. Automotive build programmes continue to give us forward visibility. There are plenty of projects planned across the business as our drive for efficiency continues into other areas.

We already have a significant value of secured business in the pipeline in what looks to be another exciting year ahead.



Dave Fisk



An impressive set of results has been achieved which I know for a fact do not happen on their own!"

Dave Fisk
TR UK Managing Director

 Read more about the **UK** on page 14

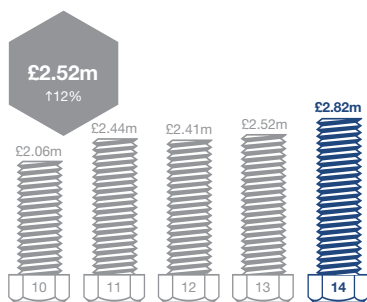
OVERVIEW – USA



James Bohannon, Steve Miller, Joe Haymes, Jose Vera

USA REVENUE

£2.82m



This past financial year has been one of investment in more people and distribution capacity as we embrace the opportunities provided by our Group in Europe and Asia to serve sister plants of multi-national OEMs in the USA who are already specifying *TR* over there – particularly Tier 1 automotive.

Many US and European companies requiring high quality low cost assembly have established facilities in Mexico, which offers an obvious growth opportunity within the proximity of *TR* Houston, which in turn, necessitates the recruitment of Spanish speaking personnel in order to provide the high standard of communication required for the sophisticated supply chain management that we offer.

TR USA has spent the last year training and strengthening our team to take advantage of the global success of the automotive sector, a sector we are starting to tap into. With new business secured for the upcoming years, the automotive sector will be the fastest growing market for us over the next three years as we continue to leverage our global footprint with multi-national automotive customers.

TR USA has also enjoyed similar success in the electronic/industrial sectors, but at a comparatively slower rate. While last year we focused on the automotive sector, with that strategy firmly in place, now we will switch our efforts this coming year to get the electronic/industrial sectors growing at the same pace.

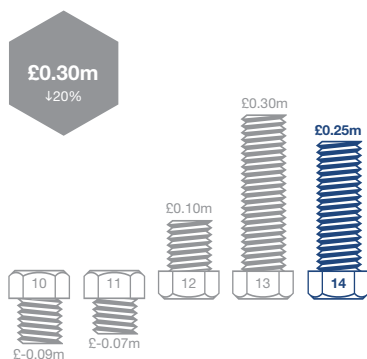
What *TR* has learnt during the past year is that we had to forego short term continued profit growth in order to invest in further increasing our service resources.

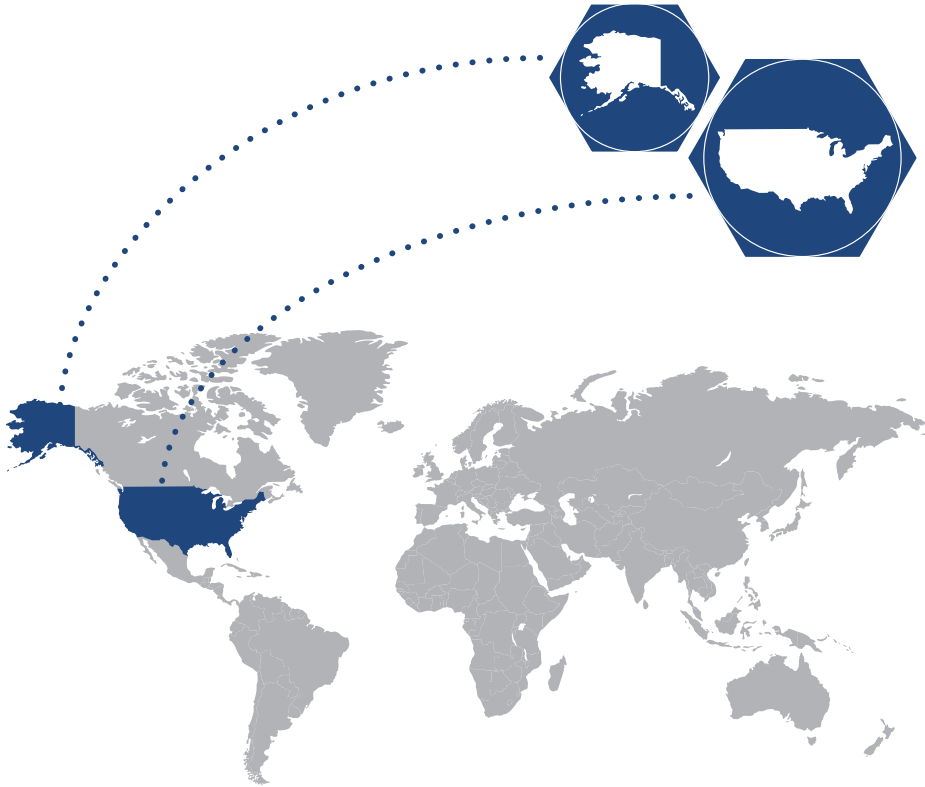
With that new strength and understanding we will push three steps forward this year, not two. *TR* USA understands that change is inevitable, both good and bad, and we aim to achieve our long term goals.

I am looking forward to the next three years as *TR* USA switches from a company which has learnt to walk, to a company that will be running at the front of the pack.

USA OPERATING PROFIT

£0.25m





Gary Badzioch



This past financial year has been one of investment in more people and distribution capacity”

Gary Badzioch

TR Fastenings Inc Operations Director



Read more about the **USA** on page 14

Unyime Ekott, Barbara Mulford, Jorge Parra



ACQUISITION OF VITERIE ITALIA CENTRALE (VIC)



Ivano Montemaggiore, Ilaria Astolfi, Giorgia Aquilanti, Marco Melacotte & Chiara Mariani



Roberto Bedini



Carlo Perini, VIC Managing Director



Working with Carlo and his enthusiastic team will accelerate our Group's growth prospects"

Geoff Budd

TR Europe Managing Director



Read more about **VIC**
on page 19

As was formally announced on Friday 30 May 2014, *Trifast* received shareholder approval to purchase VIC, and now totally owns the business.

VIC is a major manufacturer of specialised screws for the domestic appliance sector, with most of the larger manufacturers (e.g. Electrolux, Bosch, Whirlpool) being their strategic customers across Europe. VIC has also just started to supply automotive lighting unit manufacturers.

They employ 75 staff based in Fossato di Vico (PG), a three hour drive from Rome, and have their own in-house heat treatment and zinc plating facilities.

VIC is managed by Carlo Perini (the son of the founder) who, with his entire team, will stay and continue to grow the business by working with *TR*. Carlo has ambitions to develop VIC not only in Europe, but also in the USA and Asia.

The VIC strategy is identical to our PSEP strategy in Malaysia; self-managing but supported by sales, purchasing, marketing and finance colleagues from *TR* in order to help them grow globally.

THE ITALIAN JOB

TR STYLE



WHY DID WE BUY VIC?

- To expand our white goods sales (unlike TVs, computers etc, washing machines, freezers, cookers and dryers, by their very function, cannot be made smaller and so fastener demand will stay quite constant within the assembly process)
- We now have a major manufacturing resource within the EU (shorter lead times, in-house product design and development, safe from EU anti-dumping duties)
- Carlo Perini (MD) was already a trusted associate of TR and wanted his business to preferably be sold to TR – so he would have help from us to grow VIC globally
- There was a genuine reason for sale and the price was fairly agreed
- The existing strategy and culture of VIC aligned exactly with that of TR – a ‘Win Win’
- We had looked at several other companies to acquire over the two years after buying PSEP, but the opportunities and quality of business offered by VIC were totally compelling



VITERIE
ITALIA
CENTRALE
A TRIFAST COMPANY

GLOBAL SALES & BUSINESS MANAGEMENT



Tier 1 automotive sector now accounts for 30% of Group revenue



Production meeting at PSEP



Phil Callaghan, Jo Devlin

'It's all about the opportunities ahead' is our mantra, and in the last financial year we have, without a doubt, seized the moment. This, coupled with the improving macro activity, has ensured strong organic growth and produced the top line results this year.

Analysis of the industry sectors we supply indicate a very balanced portfolio with strong performances in automotive, electronics, domestic appliances and general industrial taking the lead across the Group. This is the culmination of five years of focus in developing business models to service the differing sector requirements on a global basis. New products have been added to the portfolio, and they have enhanced both the sales growth and margins.

We are often asked 'what is your USP?', or 'what do you offer that makes you different to your competitors?' The answer has always been the *TR* global footprint, the range of product we supply, and having our own manufacturing facilities supporting us. These have been key differentiators as few of our competitors can match this offering. This, however, has subtly changed during this year as multi-national OEM's require a more comprehensive approach, and we are

fulfilling the role of a 'full service provider' – FSP. This encompasses early involvement in design and technical support, sampling and testing of product, and partnering right through to the start of production. The policy to recruit more application engineers continues, and is crucial to support the sales teams in the field. We have added years of faster and technical experience through this process, built relationships with disciplines other than in purchasing, with decision makers in engineering and design centres.

As the global economy recovered we have had to ensure that we have strong loyal supply partners supporting us. These approved vendors are vital to us, and we work closely with our colleagues in sourcing and purchasing to ensure there are no areas of risk of failure to supply. Involvement in capacity planning with our customers is vital to ensure that the supply chain is robust enough to meet the increased volumes and ramp-ups. This is particularly important in the supply to the Tier 1 automotive, where a platform build for a car model can last six years. Car production in the UK increased by 14% this year, exceeding expectations, and we had to be ready and poised to support this growth.

Automotive was the fastest sector to recover from recession initially in the UK and latterly on a global basis. The automotive Tier 1 strategy that was put in place at that time has spearheaded our growth and produced strong results. The core accounts that we track in great detail now invoice £16 million more with us than five years ago. These accounts are also in our top 15 customers globally, and the opportunities within these are boundless. Consequently this is where we are focussing our sales efforts. These Tier1's each have as many as 200 sites globally and our penetration is running at about 15% of the total. This is, however, significant enough to put us on their radar at senior level. All of these companies operate global IT systems with vendor portals where the minutiae of everything we do are recorded. This encompasses everything from our financial results, the Group footprint, CSR compliance, product supply capability, manufacturing and capacity, to our timely performance on quotations, deliveries and quality. Meeting these challenges is not optional, but once you are in their supply chain and performing to their criteria, the doors open wide for new business.

We have earned our stripes in Europe, and as the platform builds for the same vehicle to go global, e.g. JLR, Ford, we have the capability to follow them to Asia and the USA. We have had some substantial new business wins this year on these continents and this puts us on the radar with the local teams, as well as winning local builds, e.g. Cherry in China. This has meant that we have had to recruit and train more skilled personnel in these areas, as the customer demand for our product and services in the ASEAN Region and in North America increases.

The importance of our own manufacturing cannot be underestimated in this whole process as it is a key differentiator. Being able to take senior managers and directors from our client base to our facilities so that they can vendor assess us, and seeing product being produced has a real cachet value.

Thomas Tan and his site managers in SFE, Formac Singapore and PSEP, have hosted a number of these visits this year, and PSEP particularly, has recognised the importance of these visits in a unique way. They have a dedicated dojo room featuring a complete engine teardown to show where product is used. This helps vendor engineers and specifiers understand and appreciate the quality and features of the components in situ. TR Formac Singapore has one of the most advanced cleanroom optical sorting facilities in Asia, which meets the zero-defect criteria that many of their customers require. This never fails to impress visitors to their facilities. Whilst they are time consuming and often challenging we recognise the value of hosting these visits and actively encourage them. We can track business wins that have been concluded following such activities.

With the acquisition of VIC it will be beneficial for us having a manufacturing site in Europe to demonstrate our capabilities and facilities. As VIC also manufactures components for auto lighting clusters and wing mirrors, this adds another product offering to existing customers, and creates new opportunities. Our research data has confirmed that there are numerous companies in Europe to target initially.



Glenda Roberts



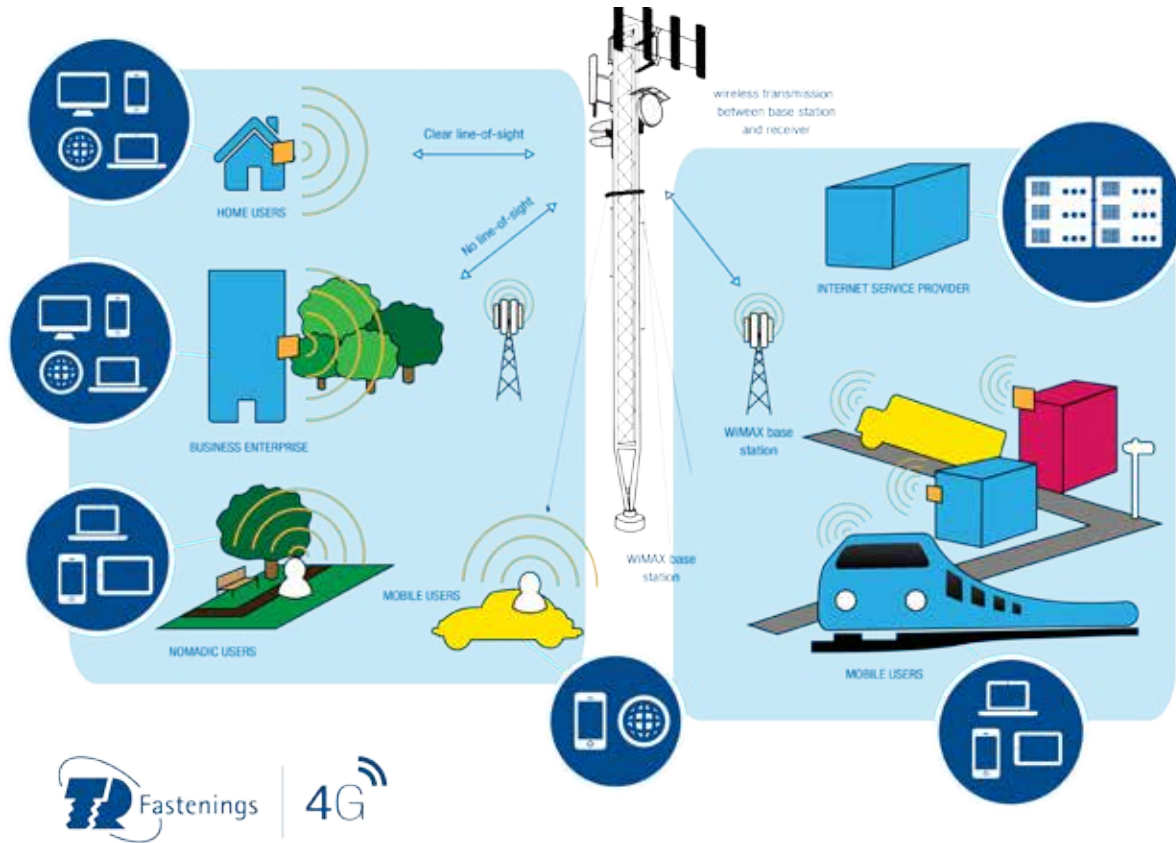
‘It’s all about the opportunities ahead’ is our mantra, and in the last financial year we have, without a doubt, seized the moment”

Glenda Roberts
Group Sales Director

Custom designed fasteners for automotive applications



GLOBAL SALES & BUSINESS MANAGEMENT continued



“
 We have been working with a growing number of companies, both existing and new start-ups, entering the very lucrative 4G market”

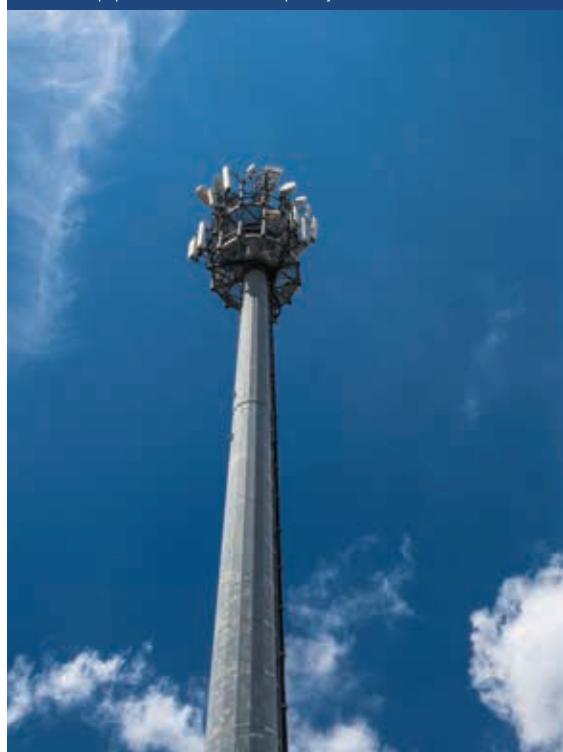
Glenda Roberts
 Group Sales Director

Early design involvement and ongoing technical and engineering support is a given within our client base. This is an area where we are investing heavily and is a growing requirement across all industry sectors. Companies divested themselves of people during the recession, and often have not replaced these functions internally in sufficient numbers, and therefore they rely heavily on us to assist. This gives us a distinct advantage over competitors who do not have this ability in-house, and to be seen as a full service provider (FSP) sets us apart.

The electronics, business machines, and telecoms industry appears to be back at the levels of production prior to the recession. Companies manufacturing ATM's, ticketing machines, self-service shopping machines, etc., are producing record numbers of machines and we are servicing some of the biggest brands globally in Hungary, India, China and the USA. These products are fastener rich, and also use high volume plastic components which we are now able to support through the addition of the

extensive Plastics commodity range that we fully launched last year. The major new growth that we are experiencing, however, has come from the telecoms industry with the emergence of the 4G rollout.

Ground equipment for mobile telephony



We are recognised as one of the key manufacturers and suppliers for the components used within the 3G microwave filters and on the antennas. We have been working with a growing number of companies, both existing and new start-ups, entering the very lucrative 4G market. *TR* has the capability to supply virtually the entire product that makes up the complex and extensive network best illustrated in the diagram opposite. This is one of the most exciting new business plans that we have launched since the automotive strategy was put in place and will create a healthy balance between both sectors. Both the UK and China have already benefited from this resurgence and we are expecting this to accelerate globally. We are exhibiting at the 4G show in Las Vegas in September where over 450 companies in this sector have stands. Early investigations show that a high percentage of these are producers and will therefore be targets for our team; the footfall should also include the great and the good in this industry.

General industrial sales and the domestic appliances sector have also produced good results on a global basis. Once again we are supplying the household named multi-nationals in these industries who too are becoming more demanding in terms of service and quality. They are embracing the automotive standards, in many cases, and this puts pressures on us that we are adjusting to. We recognise that this reduces their reliance on other companies who cannot support them or, are geared to, in their pursuit of excellence. Again design and technical support is a key factor and a differentiator, as is our global footprint.

My project team have researched the domestic appliance market in Europe, Russia and Turkey and we are gearing up, with VIC's involvement, to launch a robust plan to take a larger share of the market.

Sales to distributors, who occasionally are also our competitors, have been very buoyant this year. Lancaster Fasteners and *TR* UK Distribution have seen the recovery in Europe boost their sales. The extended range of our own branded products, coupled with good stock management and planning, has paid dividends and they have been able to capitalise on this opportunity.

The different business models that we have in place to support small and large companies work well. Unlike many competitors that have parted ways with their smaller customers we have taken the opposite approach. The *TR* transactional team in the UK increased their turnover by £900k this year confirming that many smaller businesses are doing well, and of course, they can be the acorns of the oak trees of tomorrow.

The UK and mainland Europe sites have all performed well and we are set fair for this new financial year. Asia are enjoying the recovery of the electronics & telecoms sector and domestic appliances, as well as embracing the growth of the automotive sector in the ASEAN region. The USA has completed their restructure and is refocusing into the same sectors as Asia which will pay dividends in growth this year. We are in a strong position and are looking forward to a good new year.



The different business models that we have in place to support small and large companies work well”

GLOBAL SALES



Chris Black



Jeremy Scholefield



Martin Greenwood

TECHNOLOGY & INNOVATION



The *Trifast* Group of companies work as a global network organised to provide supply solutions wherever our customers need us. Each business entity operates as an independent legal entity transacting at arm's length, however, a unique combination of knowledge, communication and collective objectives enables activity on a global level.

In recent years *Trifast* has invested in a number of manufacturing licences including MATHread® which is a patented system to prevent cross threading — the unique first threads align with the bolts accurately ensuring optimum assembly time.

This feature has been incorporated in the design of the engine sump plug for a newly developed model. The clear advantage is that at both original assembly and subsequent servicing thread damage is avoided. *TR* Sweden worked with the customer on this occasion and Power Steel in Malaysia made the plugs to *TR*'s unique design and specification.



A significant part of the output of SFE Taiwan is expected to be for this system over the next year. The principal usage is in the automotive industry. It must be remembered that it can take many years for a design to be put into production, however, the life cycle is also quite extended, thus providing *TR* with a beneficial revenue stream for several years.

In last year's Annual Report my colleague, Thomas Tan, explained that we had added all of the licences for the Phillips Screw Company to the Torx Drive System that we already have.

This includes Mortorq®, which provides an enhanced drive capability and up to 25% material reduction to the head. This shallow head fastener has a good appearance and provides customers with the opportunity to reduce weight in vehicles.





Mortorq Super®

Also a licence for Strux® was obtained. This is a self clinching fastener often used in automotive structures.

Mortorq® is also available in a tamper resistant style. TR UK received a specific customer request for this feature resulting in Phillips Screw in the US creating the design, and SFE Taiwan exclusively making the finished products.

The networking process also applies to items outside of Trifast's manufacturing capability. To supplement our own production Trifast has a number of world class partners who supply globally. TR Holland received an enquiry for a particularly unique and technically

challenging seat component; the customer also needed prototype samples to prove the design in pre-production trials.

TR UK arranged these prototypes by water jet cutting and milling. The design was subsequently approved and bulk production commenced. TR Formac China made the initial deliveries to this global customer and Europe is soon set to follow.



MAThread®



Geoff Budd



A unique combination of knowledge, communication and collective objectives enables activity on a global level”

Geoff Budd

TR Europe Managing Director

HUMAN RESOURCES



Joe Crouch



Ryan Hildyard



Aleksandra Kuczynska



James Hope

APPRENTICES

The apprenticeship programme goes from strength to strength with the introduction of two new apprentices within the year and the successful completion of three apprenticeships resulting in Graham Morrison securing a permanent position as a Sales Co-ordinator, Reilly Willis-Gil becoming an Assistant Technician within our manufacturing facility and Jack Horscroft becoming a full-time Warehouse Operative.

We are delighted to have been able to expand the apprenticeship programme to locations other than our Uckfield site. This year we have taken on a warehouse apprentice in our North East location (Ryan Hildyard) and a trade counter apprentice in our Poole location (Joe Crouch). A new business apprentice joins us in July (Alex Saunders) and we have plans to recruit an apprentice for our manufacturing plant in Uckfield as well as one for our location at Waterside Park.

It is a really exciting initiative to be able to bring young local people into the business through structured training programmes, not only giving them experience of the business world but also providing them with a nationally recognised qualification.

We hope that all our apprentices go on to have successful and fulfilling careers with the Company.

LEADERSHIP PROGRAMME

We are delighted with the success of our Leadership Programme, first reported last year. This programme enables the eight location heads from the UK and Ireland to come together at regular intervals to learn more about each of the functions within the business as well as to take part in leadership skills training. The programme has improved communication between the attendees themselves who now more regularly exchange information and provide support for each other. Other benefits of the programme include the improved relationships between the location heads and the functional heads and their teams, and the better understanding of the issues facing each part of the business. All attending the programme have expressed an interest in continuing the regular meetings and discussions and we are currently in the

process of developing the structure for this for the future. It is very satisfying to be able to say that the overall objective of the programme 'to create a highly skilled and unified team to manage change and deliver business success across the UK and Ireland' has been achieved.

TRAINING

A healthy training budget has been secured for the coming year and through the new Training and Development Module of the HR self-service system we are able to offer a wider and more accessible range of training opportunities to cater for our employees' training needs.

Our training focus for the coming year is on the development of management and leadership skills to ensure that our managers are well equipped to deal with the varied challenges that arise as part of their day-to-day activities. It will also give all of our managers at all levels within the organisation a common language and allow them to gain a better understanding of team dynamics and the importance of clear and effective communication.

Such has been the success of the leadership training provided through the Leadership Programme, we have devised a new management training programme comprising Foundation, Intermediate and Advanced levels to enhance the skills and behaviours of the managers and budding managers within the business across the UK. This is set to start in the summer of 2014 and will be an ongoing programme.

New training providers have been identified and we will be working with them to ensure that they understand our culture and can deliver training that is specific and targeted to our needs.

HR SYSTEM

We continue to develop enhancements to our overall HR management system including the implementation of skills profiles for each role, the development of a knowledge database to assist all employees to access experts in particular fields throughout the business and a new system of recruitment that includes recruitment packs produced centrally to assist managers in the recruitment process.



Helen Toole



Our training focus for the coming year is on the development of management and leadership skills”

Helen Toole
HR Adviser

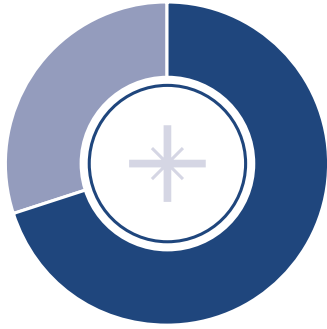
Helen Toole, Rebecca Vaughan



HUMAN RESOURCES continued

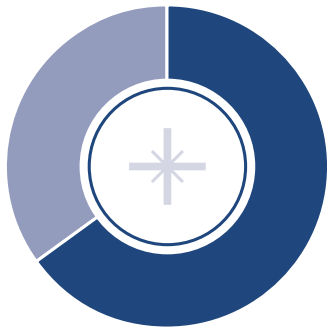
EMPLOYEE PROFILE

UK, EUROPE & USA



Male 70%
Female 30%

ASIA



Male 65%
Female 35%

As at March 2014



It's all about our people; our appreciation and thanks go to every one of them for their unflinching efforts and 'can do' attitude"

Main Board

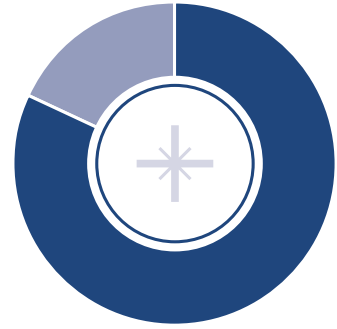
Trifast plc





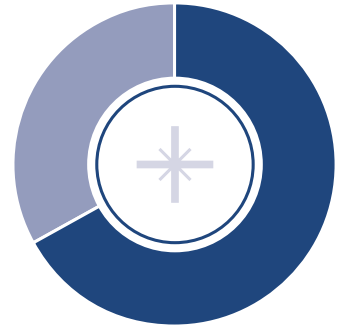
GROUP

SENIOR MANAGERS



■ Male 82%
■ Female 18%

OTHER EMPLOYEES



■ Male 67%
■ Female 33%

As at March 2014



We welcome our new colleagues at VIC to the TR portfolio and look forward to working with the team, sharing ideas, skills and resources”

Jim Barker
Chief Executive

TR MARKETING



Having a creative, inventive and enthusiastic marketing team, supporting the sales and *TR* sites, is a key component in our continuing success”



Scan the QR code to watch our **World Cup** video



A team of four supports the ever expanding needs of the *Trifast* Group. Their prime functions include growing the *TR* brand image, web content, and promotional and creative activity. The *TR* brand is truly global giving uniformity in how we showcase the Company, whilst still allowing for individuality, geography and differing cultures. This is important as we often trade with the same customers across four continents, and they become familiar with and recognise our style.

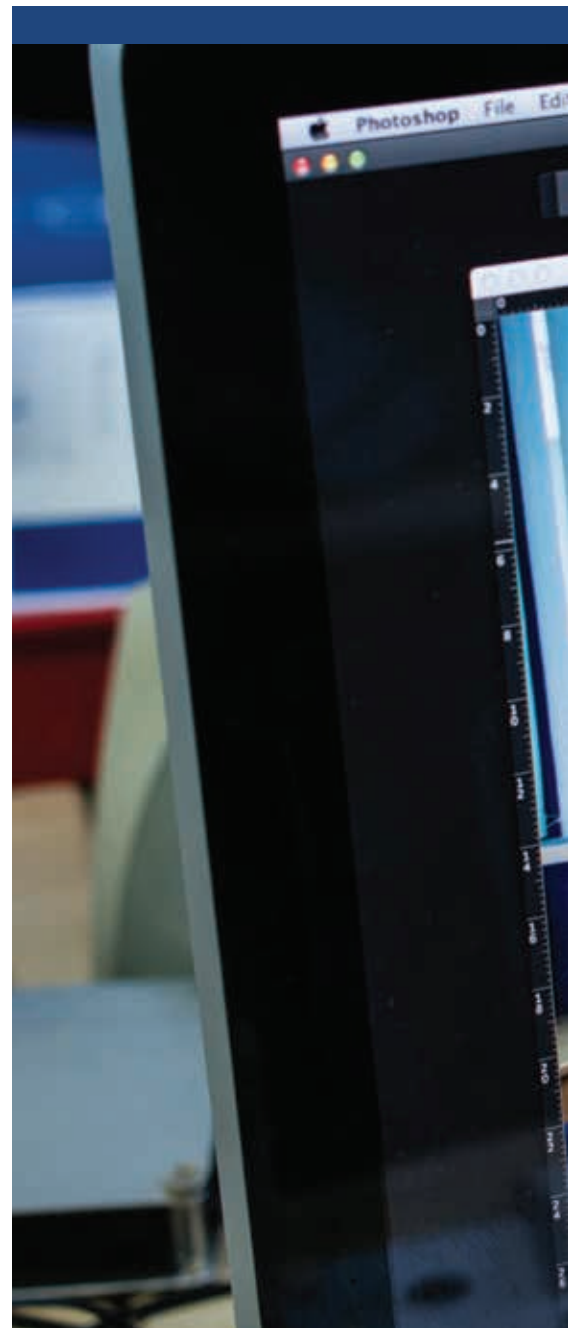
This team is a vital part of the sales process and integral to much of what we do, particularly when creating new business opportunities. From being able to create a bespoke personalised presentation for a client in-house, a brochure for a certain industry sector, promotional activity or managing a campaign, to driving social media coverage and opportunities, all of which are a distinct advantage and unique in our industry. This means we can act very swiftly and be responsive to the needs of the business.

Internal marketing is also an important part of their function. They create topical poster story boards for every site on a quarterly basis, and send regular marketing update emails, keeping *TR* personnel informed on interesting events, news, photographs and business wins. Sharing this information generates interest and motivation, and enables people to feel a part of the *TR* family.

Externally we punch above our weight, and through our PR agency, Aneela Rose, we have worked tirelessly to increase our PR coverage. We have targeted a core number of publications, where we either advertise or have product articles tailored to a current topic, from the launch of our plastics and cable management range and fasteners for sheet metal applications, through to educational papers on subjects such as hydrogen embrittlement. Social media activity has increased too and we have a growing list of followers on Twitter, Facebook, YouTube and LinkedIn. Marketing has in-house capability for filming and editing, and has produced some very diverse videos, ranging from case studies filmed inside our customers’ factories, to humorous videos designed to appeal to the YouTube audience.

For example, ‘A world without fasteners’ achieved 18,000 hits, more recently and topical, the *TR* ‘World Cup’ video depicting a person from each site kicking a ball around the world of *TR* – hopefully another YouTube hit.

The team has supported 12 exhibitions this year for the sales operations in the UK, Europe and Asia, and, in September this year, we will host our first USA exhibition at the 4G show in Las Vegas. Having a creative, inventive and enthusiastic marketing team, supporting the sales and *TR* sites, is a key component in our continuing success.

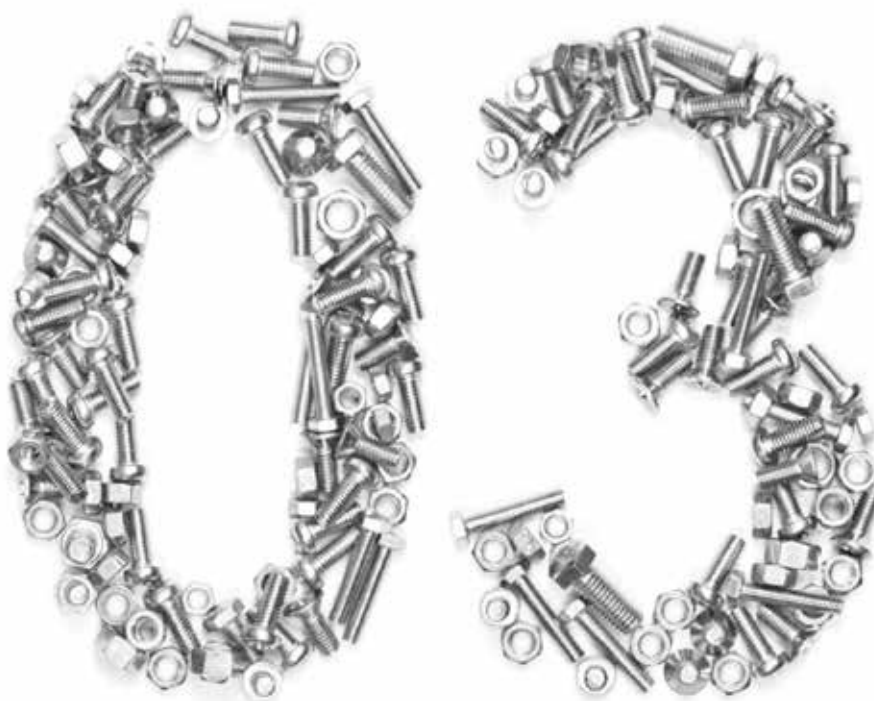




Siobhan Aziz, Tom Dewhurst, Anjanita Eldridge, Abi Burnett

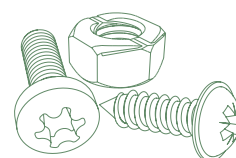






03 OUR GOVERNANCE

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- [87 Statement of Directors' responsibilities](#)



DIRECTORS' REPORT

The Directors present their Directors' Report and financial statements for the year ended 31 March 2014.

RESULTS AND PROPOSED DIVIDENDS

Total Group revenue from continuing operations was £129.78 million (2013: £121.54m) and the profit for the year before taxation was £8.87 million (2013: £6.44m). Underlying profit before tax for the Group was £9.16 million (2013: £7.25m); see note 2 for breakdown.

The Directors recommend a final dividend of 1.00 pence net of tax (2013: 0.80p) per ordinary share to be paid on 17 October 2014 to shareholders registered at the close of business on 27 June 2014. This together with the interim dividend of 0.40 pence (paid on 18 April 2014) brings the total of the year to 1.40 pence. This has not been included within creditors as it was not approved before the year end.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 18 September 2014 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 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

JPD Shearman

SW Mac Meekin
(appointed 25 April 2013)

The Directors' remuneration and their interests in share capital are shown in the Remuneration Report on pages 74 to 86.

SUBSTANTIAL SHAREHOLDINGS

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

As at 31 May 2014, 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 shares held
Hargreave Hale	11,645,922	10.43
Schroder Investment Management	11,614,078	10.40
Mr Michael Timms	11,000,000	9.85
AXA Framlington Investment Managers	10,016,034	8.97
Mr Michael J Roberts	5,173,480	4.63
Unicorn Asset Management	4,891,800	4.38
Hargreaves Lansdown Asset Management	4,145,920	3.71

CORPORATE GOVERNANCE

The Corporate Governance Statement on pages 68 to 69 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 Services 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.

The rules governing the appointment and replacement of Directors are set out in the Corporate Governance Statement section of the Directors' Report on pages 68 to 69. 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 79) 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.

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

Our auditors, KPMG Audit Plc has instigated an orderly wind down of business. The Board has decided to propose KPMG LLP to be appointed as auditors of the Company in place of KPMG Audit Plc and a resolution concerning their appointment will be put to the forthcoming Annual General Meeting of the Company.

By order of the Board

Mark Belton

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

Company registered number: 1919797

CORPORATE GOVERNANCE

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 C.3.1 of the Corporate Governance Code. However the Board believe that given Mr Diamond has sat 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 and in the Directors' Remuneration Report.

The structure of the Board and its standing committees are 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:

MM Diamond	11
JC Barker	11
MR Belton	11
GP Budd	10
GC Roberts	10
NS Chapman	11
JPD Shearman	11
SW Mac Meekin	11

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 at least every three years.

The Directors retiring by rotation are Jim Barker, Mark Belton, Glenda Roberts and Neil Chapman who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

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.

On 8 May 2014 the Chairman took on another independent non-executive chairmanship role for a company called Flowtech. The fees have been fixed at £75,000 p.a.

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.

The Board undertakes annual evaluation of its own performance and that of its committees using questionnaires and continues to train and evaluate senior managers below Board level in order to maintain its continuous succession policy.

The Board has delegated specific responsibilities to the Audit/ Nominations and Remuneration Committees. Details are described on pages 70 to 86.

SHAREHOLDER RELATIONS

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

- Arden Partners plc — 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

The members of the Audit, Remuneration and Nomination 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 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.

AUDIT COMMITTEE REPORT



Neil Chapman



Jonathan Shearman



Scott Mac Meekin



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”

Neil Chapman

Chairman of the Audit Committee

I am pleased to present the Audit Committee Report for the year ended 31 March 2014, 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 2014 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 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 2013/14
Neil Chapman (Chairman)	3/3
Jonathan Shearman	3/3
Scott Mac Meekin	3/3

The external auditor KPMG Audit Plc (KPMG), the Executive Chairman, the Chief Executive and the Group Finance Director and 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.

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 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, review the results of the external audit for the financial year and review 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'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 preparation of financial statements requires management to make assumptions, judgements and estimates which are detailed in note 31 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 two significant financial risks arising from the financial statements which would require particular consideration during the year:

• CARRYING AMOUNT OF INVENTORY

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. As part of their audit procedures KPMG perform detailed testing of customer inventory balances, in particular looking at inventory which is specific to individual customer requirements and the degree of estimation involved in arriving at the inventory provision.

• RECOVERABILITY OF SFE GOODWILL

The Committee focused in particular on the carrying value of goodwill in relation to Special Fasteners Engineering Company Limited ('SFE') in Taiwan due to materiality. 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, as part of their review. The Committee also held discussions with KPMG. The Committee concluded that SFE goodwill is not impaired.

INTERNAL AUDIT

The 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 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 recognise 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 are ultimately responsible for the system of internal control and for reviewing its effectiveness. The system of internal controls 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 Government Code requires that the Board review 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. The Committee is of the view that there is an 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:

- 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 for authority
- Group policies for financial reporting, accounting, financial risk management, information security, capital expenditure appraisal and Corporate Governance are well documented
- detailed annual budgets and rolling forecasts prepared for all operating units and reviewed and approved by the Board
- performance monitored closely against budget and material variances reported to the Board
- the Committee to deal with any significant control issues raised by the auditor
- a formal schedule of matters specifically reserved for decisions by the Board
- capital expenditure controlled by the budgetary process with authorisation levels in place. Any single 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 2014 these risks were: the carrying amount of inventory and recoverability of SFE goodwill. More detail is set out in KPMG's report on pages 90 to 92.

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 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 was operating effectively and KPMG continued 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 our external auditor can and cannot provide. Tax compliance and advisory services are currently provided by another professional services firm (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 review 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 proposed rules in regards to auditor rotation and the requirement for companies to put audit services contracts out to tender at least every ten years. 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 transitional 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. The Committee and the Board have concluded that KPMG provides an effective audit and have recommended their reappointment at the 2014 AGM.

NOMINATIONS COMMITTEE REPORT



Jim Barker, Jonathan Shearman, Malcolm Diamond, Neil Chapman

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. During the period, the Committee met on one occasion.

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, meets on an ad hoc basis when required.

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.



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

Neil Chapman

Chairman of the Nominations Committee

DIRECTORS' REMUNERATION REPORT



Jonathan Shearman

Dear Shareholder

As Chairman of the *Trifast* Remuneration Committee (the Committee), I am pleased to introduce our Remuneration Report for 2014, which has been prepared by the Committee in accordance with the relevant legal and accounting regulations and approved by the Board.

This has been another busy year for the Company during which we have continued to generate increased profits through:

- delivering high quality service
- winning new business
- extending our product ranges

The remuneration policy at *Trifast* is to create a structure that can 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. This approach ensures 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.

It is now five years since Malcolm Diamond and Jim Barker returned to the helm of the *Trifast* ship. Those years have seen a turnaround in fortunes, marked by continuous year-on-year profit increases, substantial share price outperformance (as illustrated in the Total Shareholders Return graph on page 84 and the advancement of our strategic priorities. Much credit is due to them and the Executive team for these achievements.

We have now entered a new chapter of *Trifast's* development; one during which we will seek to strengthen further our position organically within the global fastener industry. This alongside carefully chosen acquisitions, as typified by the recent announcement with regard to Viterie Italia Centrale Srl, should yield further profit growth.



We welcome an appropriate amount of visibility and clarity, alongside remaining ever mindful of the opinions of our shareholders with regard to executive reward”

Jonathan Shearman

Chairman of the Remuneration Committee

To reflect this, the Committee embarked on a Board-wide remuneration structure review. This was completed during the year to 31 March 2014. As part of the necessary changes, we have moved away from the historic policy of highly conservative levels of fixed remuneration underpinned by a grant of options. This has meant recent salary adjustments ahead of inflation; we would envisage more inflationary based increases in the coming years.

Following vesting of the 2009 options, the Committee was keen to ensure it still had the ability to retain management by way of equity involvement. Given a desire to maintain as simple, flexible and dynamic an approach as possible, we have achieved this by extending the existing bonus scheme, further details of which are included in the remainder of this Report.

Against this structure, and given a pre-tax profit significantly in excess of City forecasts (as at the beginning of the year), the Committee assessed that performance in the year to 31 March 2014 justified a total annual bonus of 180%. This is for each Executive and is made up of an 80% cash bonus and a 100% equity award, the latter being deferred for three years.

In response to feedback from some shareholders reflecting a desire for increased transparency with regard to the bonus scheme performance hurdles and thresholds, we are, whilst retaining the same bonus structure, proposing some enhancements. The relevant details are contained on pages 75 to 81.

This is our first year reporting under the UK Department for Business, Innovation & Skills' new 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 details behind the Committee's policy are contained firstly in the Directors' Remuneration Policy, followed by the Annual Report on Remuneration and will, we believe, show that we have taken these factors into account in our future planning.

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.

DIRECTORS' REMUNERATION POLICY

This section of the Remuneration Report contains details of the policy that will govern future remuneration. It has been developed to support the business strategy and will be applicable from the date of the AGM subject to approval by shareholders at that time.

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

Base Salary	
Objective	
To provide a competitive level of salary recognising the market value of the role, an individual's skills, experience and performance, as well as their contribution to leadership and company strategy.	
As the primary component of fixed remuneration this enables the attraction and retention of talented Executive Directors to meet the requirements of the role.	
Mechanism	Maximum value
Set annually on 1 April.	The previous column sets out the factors that will be taken into consideration in determining the salary.
The Committee's desire is to establish and maintain broadly median levels of salary (derived from an appropriate basket of comparators) though not subjecting ourselves to mechanistic tracking.	The maximum annual salary increase will not normally exceed the average increase which applies across the wider employee population (typically inflation based). However, larger increases may be awarded if there is, for example, a substantial increase in the responsibilities of the role, following promotion or if the Director's salary falls significantly below the market norm.
Other factors taken into account in setting salaries include the experience and responsibilities of each individual Executive Director, pay and conditions for employees across the Group, the general performance of <i>Trifast</i> and pay conditions in the appropriate industry.	The annual salaries for the Executive Directors are set out in the Annual Report on Remuneration on pages 82 and 85.
	Conditions
	N/A
Pension*	
Objective	
To provide competitive levels of retirement benefits as part of fixed remuneration in line with market practice.	
Mechanism	Maximum value
Facilitated via an HMRC approved defined contribution scheme. The rate of company contribution to this scheme is 20% of basic salary.	N/A
	Conditions
	N/A
Taxable Benefits	
Objective	
To provide competitive employment benefits as part of fixed remuneration in line with market practice.	
Mechanism	Maximum value
Benefits are provided in the form of a company car (or car allowance), private medical insurance, permanent health insurance, critical illness cover and life cover.	Cost of said benefits
	Conditions
	N/A

* Malcolm Diamond and Jim Barker do not participate in the Company pension plan

DIRECTORS' REMUNERATION REPORT continued

Annual Bonus Scheme	
Objective	
<p>To reward individuals for the achievement of performance targets that are directly linked to the Company's short and longer term financial and strategic objectives in as simple, flexible and dynamic a way as possible.</p> <p>A portion of the bonus is deferred in shares to align the interests of Executive Directors with those of shareholders and to drive the retention of these individuals.</p>	
Mechanism	Maximum value
<p>Executive Directors participate in a (non-pensionable) performance related scheme with a cash and deferred equity component where the performance period is one financial year.</p> <p>For each Executive Director the mix between the cash bonus and deferred equity award is dependent on the level of performance:</p> <ul style="list-style-type: none"> • Below threshold performance will result in no bonus being paid • Threshold performance will result in a 35% cash bonus and 70% deferred equity award • On target performance will result in a 50% cash bonus and 100% deferred equity award • Above target performance will result in a cash bonus varying between 50% and 100%, and a 100% deferred equity award. The maximum cash bonus will require significant out performance with regard to the threshold <p>The percentages referred to above have reference to base salary.</p> <p>The deferred equity will be subject to a three year deferral period. No conditions other than continued employment will be applicable over the deferral period.</p>	<p>The maximum annual bonus is 200% of base salary which would be delivered equally in cash and shares.</p> <p>Conditions</p> <p>Return on Capital Employed (ROCE) hurdle of 200bps in excess of the Group's Weighted Average Cost of Capital (WACC). No bonus will be paid if this initial hurdle is not met.</p> <p>Once the ROCE hurdle is met, the bonus awarded will be determined based on annualised earnings per share (eps) performance. The threshold eps growth requirement is RPI + 5%.</p> <p>Any bonus payment will be reduced by up to 15% should Personal Objectives not be achieved. These objectives are not disclosed due to them being commercially sensitive in nature.</p> <p>The Company operates in a rapidly changing environment and therefore the Committee may change the weighting of the conditions, or use different conditions, for subsequent financial years, as appropriate, to reflect this.</p> <p>The Remuneration Committee would consider clawback of the equity portion should eps growth on a rolling three year average turn negative.</p> <p>The annual bonus scheme performance conditions were selected as the Committee believes they provide direct alignment with the short and longer term operational targets of the Company. The Committee considers the performance conditions suitably demanding considering the business strategy and shareholder expectations. There is no retesting of performance.</p>
Save As You Earn (SAYE) Plan	
Objective	
Facilitate equity involvement for Executives and staff.	
Mechanism	Maximum value
The <i>Trifast</i> Savings Related Share Option Scheme is HMRC approved. The Scheme offers three and five year savings contracts which provide an option to purchase shares after maturity at a discount to the share price on the date the contract is taken out (the maximum discount is 20% of mid-market price).	N/A
	Conditions
	N/A

Shareholding Policy	
Objective	
To ensure Board members have their interests aligned with those of shareholders through having a sufficient shareholding in the Group.	
Mechanism	Maximum value
Requirement to build up a minimum holding of 250,000 <i>Trifast</i> shares over the next five years.	N/A
	Conditions
	N/A

CHANGES TO EXECUTIVE REMUNERATION POLICY FROM PREVIOUS POLICY

Given vesting of the 2009 options, the Committee was keen to ensure management still have the opportunity to be retained by way of equity involvement. In doing so, we are mindful of the team approach taken by the Executives alongside a desire to retain as simple, flexible and dynamic an approach as possible.

The decision has been taken to focus on annual performance against metrics, which, if achieved on a year on year basis will, without encouraging excessive risk taking, grow shareholder value. The easiest way to facilitate this remains an extension of the bonus scheme to include a cash bonus (payable following the publication of the year's results) and an equity award (with ownership deferred for three years).

In response to feedback from shareholders we have introduced a formal Shareholding Policy (as detailed above). Other than that there have been no other changes to the Executive Director remuneration policy from the previous policy.

DIFFERENCES IN REMUNERATION POLICY FOR ALL EMPLOYEES

All employees are entitled to base salary, benefits and pension. Additionally, employees are eligible for bonuses and to participate in the SAYE Plan (UK only). The maximum opportunity available is based on the seniority and responsibility of the role. The Board has expressed its intention to consider how equity ownership can be broadened across the Group and the Committee is exploring this during the current financial year.

1) POLICY TABLES – NON-EXECUTIVES

Fees	
Objective	
To attract and retain individuals with the requisite skills and experience to perform the role.	
Mechanism	Maximum value
Set annually on 1 April and determined by the Board, following consultation between the Chairman and CEO. Non-Executive Directors are paid a base fee and additional fees for Committee membership and chairmanship. An additional fee is also payable to the Senior Non-Executive Director. Any increases in fees will be determined based on time commitment and take into consideration the level of responsibility. As for the Executives, our desire is to establish and maintain median level Non-Executive Director fees (based on an appropriate comparator group) though not subjecting ourselves to mechanistic tracking.	The previous column sets out the factors that will be taken into consideration in determining Non-Executive Director fees.
	The Non-Executive Director fees are set out in the Annual Report on Remuneration on pages 83 & 85.
	Conditions
	N/A

Non-Executive Director remuneration is not performance related and is not pensionable. The only other payments made to them are mileage allowances at HMRC rates and expenses for items incurred during the fulfilment of their roles.

DIRECTORS' REMUNERATION REPORT continued

CHANGES TO NON-EXECUTIVE REMUNERATION POLICY FROM PREVIOUS POLICY

After three years during which Non-Executive fees were not reviewed and to align with the approach being taken with regard to Executive salaries, a benchmarking exercise was commissioned to establish a median level for fees. Alongside this, and to recognise the increasing importance and workload involved in chairing the Audit and Remuneration Committees, a fee has been introduced for undertaking this role.

2) RECRUITMENT REMUNERATION

The Committee's approach to Executive Director recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be assessed following the same principles as for the current Executive Directors, as set out in the remuneration policy table.

The table below summarises our key policies with respect to Executive Director recruitment remuneration:

Element	Policy
Base salary, retirement and other benefits	<p>The salary level will be set taking into account a number of factors including market practice, the individual's experience and responsibilities and other pay structures within <i>Trifast</i>, and will be consistent with the salary policy for existing Executive Directors.</p> <p>The Executive Director shall be eligible to receive retirement and other benefits in line with <i>Trifast's</i> policy.</p>
Annual Bonus Scheme	<p>The Executive Director will be eligible to participate in the Annual Bonus Scheme as set out in the remuneration policy table. The maximum level of variable remuneration that may be offered is 200% of base salary consistent with that of existing Executive Directors.</p>
Share buy-outs or replacement awards	<p>The Committee's policy is not to provide replacement awards as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a replacement award, the value of any incentives that will be forfeited on cessation of a Director's previous employment will be calculated taking into account the following:</p> <ul style="list-style-type: none"> • the proportion of the performance period completed on the date of the director's cessation of employment • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied • any other terms and conditions having a material effect on their value ('lapsed value') <p>The Committee may then grant a replacement award up to the equivalent value of the lapsed value. The replacement award will be made in equity under 9.4.2(R) of the listing rules subject to a holding period during which cessation of employment will generally result in forfeiture and subject to the satisfaction of performance targets.</p> <p>No other sign-on payments will be made without prior shareholder agreement.</p>
Other	<p>The Company may meet certain mobility costs, including relocation support, expatriate allowances, temporary living and transportation expenses as appropriate in cases where the new Executive is relocated from one work-base to another.</p>

3) 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
JPD Shearman	3 months*	26 July 2012
SW Mac Meekin	3 months*	25 April 2013

* 12 months in the event of a change in control

When setting notice periods, the Committee has regard for market practice and corporate governance best practice. For new appointments the notice period for Executive Directors will be set at six months and at three months for Non-Executive Directors.

The Director contracts are kept at the Company's Registered office.

TERMINATION PAYMENTS

The following table shows how the Committee would expect to treat Executive Directors on termination of their employment:

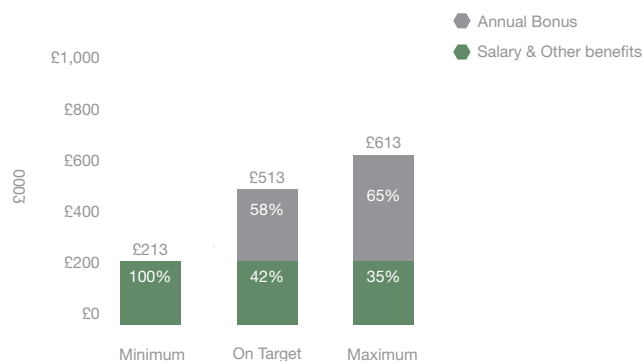
Element	Policy
Base salary, pension and other benefits	Base salary and all taxable benefits are paid in lieu of notice. Neither notice nor a payment in lieu of notice will be given in the event of gross misconduct.
Annual Bonus Scheme	<p>All aspects of the bonus scheme are dependent on the Executive being employed on the payment date of the bonus except for 'good leavers' defined as termination resulting from:</p> <ul style="list-style-type: none"> a) injury, ill health or disability b) redundancy within the meaning of the Employment Rights Act 1996 c) retirement or taking up alternative employment that is deemed by the Committee to pose no competitive threat to any Group member d) dismissal for reasons other than those of gross misconduct <p>For good leavers the bonus is determined by reference to performance on a quarterly pro-forma basis, e.g. termination in May would result in a pro-forma payment for one quarter based on the performance for that quarter. The cash element will be paid immediately. The deferred equity element will be subject to the normal three year deferral period. However, the Committee may grant transference for good leavers before the end of the three year deferral period for the pro-forma equity bonus award as well as prior deferred equity bonus awards which have not yet vested. In the case of a bad leaver, the leaver will forfeit all deferred equity rewards which have not yet vested.</p> <p>In the event of a takeover, the bonus scheme would pay out 50% of pro-forma bonus expectation if the event takes place between April to September and 100% of pro-forma bonus expectation if the event takes place between October and March.</p>
Other contractual obligations	None

DIRECTORS' REMUNERATION REPORT continued

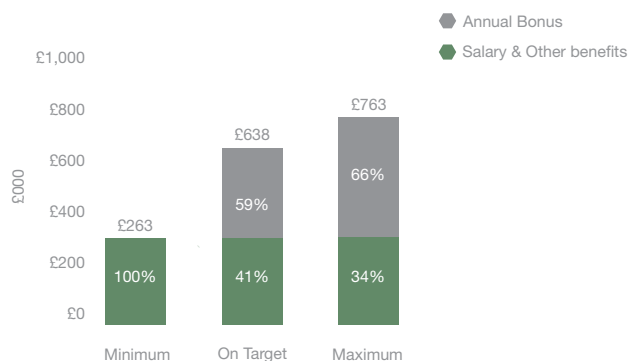
4) ILLUSTRATIONS OF REMUNERATION POLICY

The graphs below seek to demonstrate how applying our stated Remuneration Policy would lead to levels of pay that vary with performance for each of the Executive Directors:

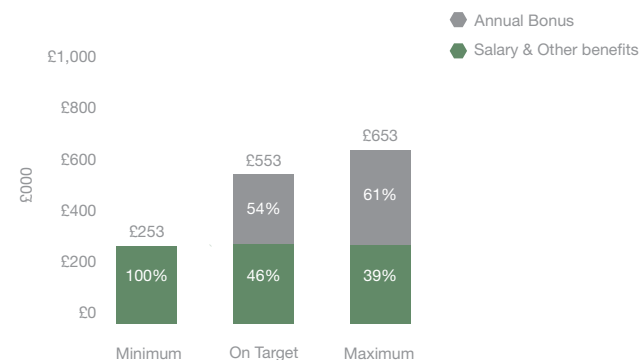
Executive Chairman



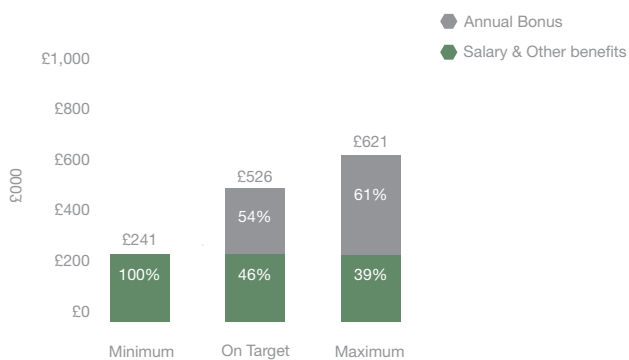
Chief Executive



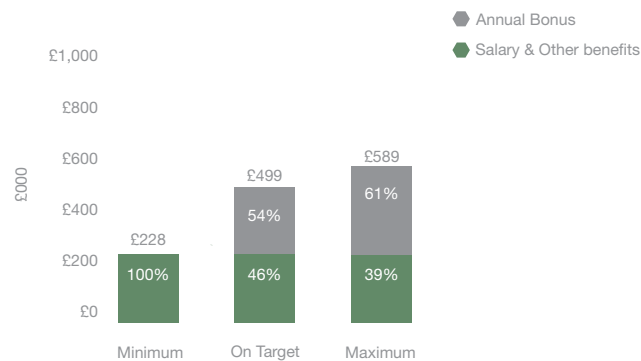
Group Finance Director



TR Europe Managing Director



Group Sales Director



Assumptions used in determining the level of pay-out under given scenarios are as follows:

Element	Minimum	On-target	Maximum
Salary and other benefits	Comprising the base salary for 2015 plus the value of pension and benefits		
Annual bonus (includes both the cash bonus and the deferred equity award)	0%	150% of base salary	200% of base salary

5) CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The remuneration policy throughout the Company is based on ensuring that we can attract and retain the most suitable people. This principle is consistent with that applied to the development of our remuneration policy for Executive Directors. Employee views are not specifically sought in determining this policy and no comparison metrics were used.

Salary and benefit packages are linked to personal and business performance. All employees receive additional bonus payments (as business performance allows), this together with inflation based salary reviews should ensure we remain competitive within the employment market.

All UK employees are eligible to participate in the SAYE scheme. Furthermore, the Committee is currently working with the Executives to consider how senior management might also be motivated and retained by additional equity involvement.

6) CONSIDERATION OF SHAREHOLDERS VIEWS

The views of our shareholders remain important to us. As such, the Committee is happy to listen to feedback with regard to either our remuneration policy or structure and will endeavour to incorporate suitable suggestions within future arrangements.

At last year's AGM the Remuneration Report received 99.93% of votes in favour. During the period under review and based on some verbal feedback from shareholders, the Committee has, as already detailed, made some enhancements to the proposed structure going forward. Future consultation with shareholders will be led by the Committee chair, Jonathan Shearman and, as usual, members of the Committee will be available at the AGM.

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 2014.

1) EXECUTIVE DIRECTOR SINGLE FIGURE FOR REMUNERATION

	Annual bonus						Total £000
	Salary £000	Taxable benefits ¹ £000	Pensions* £000	Cash £000	Deferred equity [^] £000	Long term incentives £000	
MM Diamond	190	13	—	152	190	—	545
<i>Prior year</i>	<i>190</i>	<i>13</i>	<i>—</i>	<i>57</i>	<i>—</i>	<i>964</i>	<i>1,224</i>
JC Barker	225	13	—	180	225	—	643
<i>Prior year</i>	<i>220</i>	<i>13</i>	<i>—</i>	<i>66</i>	<i>—</i>	<i>964</i>	<i>1,263</i>
MR Belton	170	13	34	136	170	—	523
<i>Prior year</i>	<i>150</i>	<i>13</i>	<i>30</i>	<i>45</i>	<i>—</i>	<i>241</i>	<i>479</i>
GP Budd	165	13	33	132	165	—	508
<i>Prior year</i>	<i>150</i>	<i>13</i>	<i>30</i>	<i>45</i>	<i>—</i>	<i>241</i>	<i>479</i>
GC Roberts	140	13	28	112	140	—	433
<i>Prior year</i>	<i>125</i>	<i>12</i>	<i>25</i>	<i>38</i>	<i>—</i>	<i>121</i>	<i>321</i>
Totals	890	65	95	712	890	—	2,652
<i>Prior Year Totals</i>	<i>835</i>	<i>64</i>	<i>85</i>	<i>251</i>	<i>—</i>	<i>2,531</i>	<i>3,766</i>

¹ Taxable benefits consisted of the cost of providing a Company car (or car allowance), private medical insurance, permanent health insurance, critical illness cover and life cover.

* Mark Belton, Geoff Budd and Glenda Roberts are members of the Company's non-contributory pension plan. This is an HMRC approved defined contribution scheme. The rate of Company contribution to this scheme is 20% of base salary

[^] See additional details for variable pay element of remuneration below

In 2013, Seamus Murphy received a salary and benefits of £0.12 million, a pension contribution of £0.02 million and £0.16 million in relation to compensation for loss of office and all associated costs following his step down from the Board on 31 January 2013. This was in line with the Company's termination payment policy and the Committee exercised no discretion.

ADDITIONAL DETAILS FOR VARIABLE PAY ELEMENT OF REMUNERATION: ANNUAL BONUS

A portion of the annual bonus for the year ended 31 March 2014 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 (see policy table on 75). Based on the performance for the year (as per table below) and in accordance with the policy, all five Executive Directors have been awarded a cash bonus and deferred equity bonus as a percentage of base salary of 80% and 100% respectively.

The performance targets, actual performance achievement and resulting annual bonus as a percentage of the base salaries of the Executive Directors is summarised below for the year to 31 March 2014:

Performance measure	Weighting	Threshold performance target	Maximum performance target*	Actual PBT	Bonus achieved [^]	
					Cash	Deferred
Group profit (underlying PBT)	100%	£8.10m incorporating a bonus of 105% of salary (35% cash bonus and 70% deferred equity award).	£9.85m incorporating a bonus of 200% of salary (100% cash bonus and 100% deferred equity award).	£9.16m	80%	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.

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.

Following approval at the 2005 Annual General Meeting, the Company introduced a long term incentive arrangement known as the *Trifast* plc 2005 Long Term Incentive Plan ('LTIP'). Awards under the LTIP were delivered in the form of conditional share awards which were to be released in three years dependent on continued employment and the satisfaction of demanding performance targets. All Company Directors who held LTIP's waived their right to these rewards during 2011.

2) NON-EXECUTIVE DIRECTOR SINGLE FIGURE FOR REMUNERATION

	Core fee (£000)	Committee membership (£000)	Senior Non- Executive Director (£000)	Total (£000)
NS Chapman	36	6	6	48
<i>Prior year</i>	36	6	6	48
JPD Shearman	36	6	—	42
<i>Prior year</i>	36	6	—	42
SW Mac Meekin*	36	6	—	42
<i>Prior year</i>	—	—	—	—
Totals	108	18	6	132
<i>Prior Year Totals</i>	<i>72</i>	<i>12</i>	<i>6</i>	<i>90</i>

* Joined 25 April 2013.

3) PAYMENTS TO PAST DIRECTORS AND FOR LOSS OF OFFICE

There were no such payments made during the year under consideration.

In 2013, Seamus Murphy received £0.16 million in relation to compensation for loss of office and all associated costs following his step down from the Board on 31 January 2013.

4) STATEMENT OF DIRECTORS' SHAREHOLDINGS

	Shareholding requirement	Current beneficial holding	Vested but unexercised options [^]	Current shares held which count toward shareholding requirements [†]	Unvested SAYE options	Total of all interests at 31 March 2014	Shareholding requirement met?
Executive Directors							
Malcolm Diamond	250,000	553,800	2,000,000	2,553,800	18,000	2,571,800	Yes
Jim Barker	250,000	573,229	2,000,000	2,573,229	—	2,573,229	Yes
Mark Belton	250,000	68,565	500,000	568,565	18,000	586,565	Yes
Geoff Budd	250,000	307,264	500,000	807,264	—	807,264	Yes
Glenda Roberts	250,000	29,307	250,000	279,307	—	279,307	Yes
Non-Executive Directors							
Neil Chapman	—	1,507,500	150,000*	—	—	1,657,500	N/A
Jonathan Shearman	—	—	—	—	—	—	N/A
Scott Mac Meekin	—	—	—	—	—	—	N/A

[^] Granted 30 September 2009.

[†] Total of current beneficial holdings, vested but unexercised options and deferred equity awards.

* Held via the 2009 option scheme.

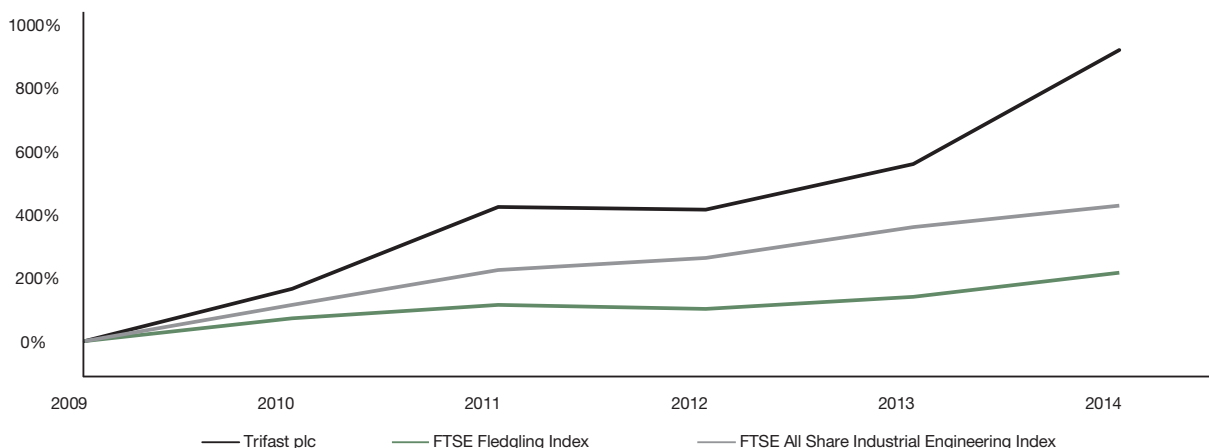
None of the Directors above exercised options during the year.

DIRECTORS' REMUNERATION REPORT continued

ANNUAL REPORT ON REMUNERATION – UNAUDITED INFORMATION

The graph below sets out the Total Shareholder Return performance of the Company compared to the FTSE Fledgling Index and FTSE All Share Industrial Engineering Index over a five 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



6) PERFORMANCE AND PAY

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

Year	Total Remuneration (£000)	Annual bonus pay out against maximum	Equity award pay out against maximum
2014	643	90%^	N/A
2013	1,263	30%	100%
2012	327	35%	N/A*
2011	265	45%	N/A*
2010	176	N/A	N/A*

^ Includes the deferred equity award portion.

* 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:

		2014 (£000)	2013 (£000)	change
Group CEO	Salary	225	220	2.3%
	Annual bonus — cash	180	66	172.7%
	Annual bonus — deferred	225	—	—
UK employees	Salary	9,363	9,123	2.6%
	Annual bonus	706	366	92.6%

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 2014	Disbursements from profit during year to 31 March 2013	% change
Dividend distributions	£0.87m	£0.53m	63%
Group spend on pay (including Directors)	£19.53m	£18.77m	4%

9) IMPLEMENTATION OF POLICY IN THE COMING YEAR

The remuneration policy and its implementation for the forthcoming year is summarised as follows:

Element	Policy
Structure	<p>Following some shareholder feedback about insufficient visibility concerning the bonus scheme, the Committee is proposing to keep the same structure for the year to 31 March 2015 but with some enhancements as illustrated below and already explained in further detail within the Executive policy table (page 75).</p> <p>The main elements of Executive remuneration effective from 18 September 2014 (being the date of the AGM at which shareholder approval for this report will be sought) are:</p> <ul style="list-style-type: none"> • Base salaries as follows <ul style="list-style-type: none"> Malcolm Diamond (Executive Chairman) — £200,000 Jim Barker (Chief Executive Officer) — £250,000 Mark Belton (Group Finance Director) — £200,000 Geoff Budd (<i>TR</i> Europe Managing Director) — £190,000 Glenda Roberts (Group Sales Director) — £180,000 • Annual bonus scheme with maximum opportunity of 200% of base salary (100% cash; 100% equity deferred for three years) for each of the Executive Directors based on <ul style="list-style-type: none"> Initial ROCE hurdle to be met before any bonus will be payable Threshold of eps growth of RPI + 5% will be required as the minimum performance for any bonus to be paid Any bonus awarded will be reduced by up to 15% should personal objectives not be achieved • Fee increases for Non-Executive Directors to align them with an independently benchmarked median, coupled with additional fees for Committee membership, chairing and acting as Senior Non-Executive Director <ul style="list-style-type: none"> Neil Chapman — £55,000 Jonathan Shearman — £50,000 Scott Mac Meekin — £45,000
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 outperformance against City forecasts. 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 Non-Executive Director) was a participant in the 2009 option scheme. 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 five 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 2014 and then considered any appropriate changes for the year to March 2015 and beyond, including reflecting on shareholder feedback.

Alongside this, the Committee had additional meetings with PWC in their role as independent external advisers to seek their guidance on remuneration matters, including best practice with regard to any changes being considered, a further benchmarking exercise and feedback from shareholders. The Committee continues to be pleased with the service offered by PWC which during the year cost the Group £0.03 million. 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.

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 table below shows the advisory vote on the 2013 Remuneration report at the AGM held on 17 September 2013:

	Votes for	%	Votes against	%	Votes withheld
2013 Remuneration report	61,263,139	99.93	10,417	0.02	38,566

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.

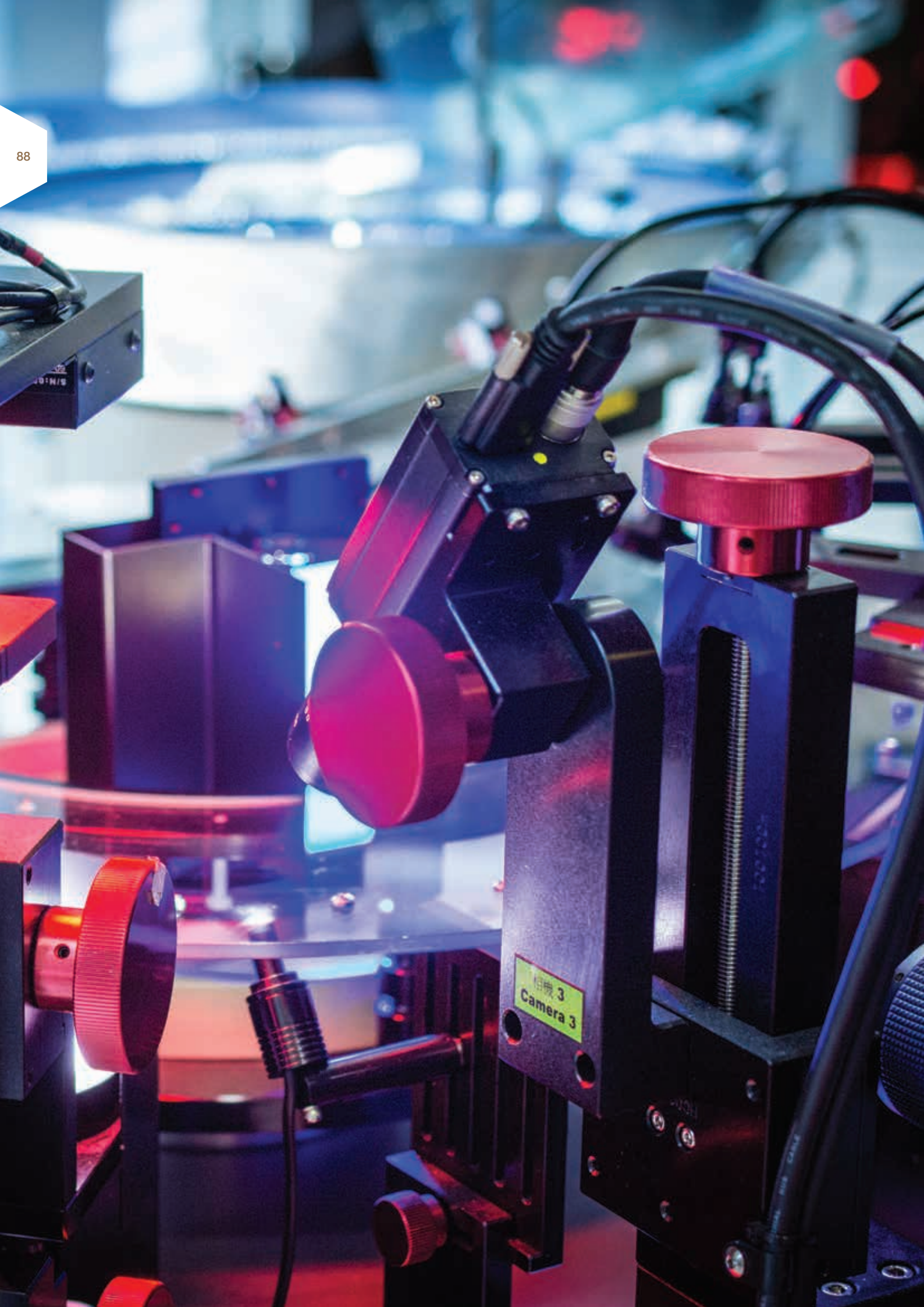
Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity 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.

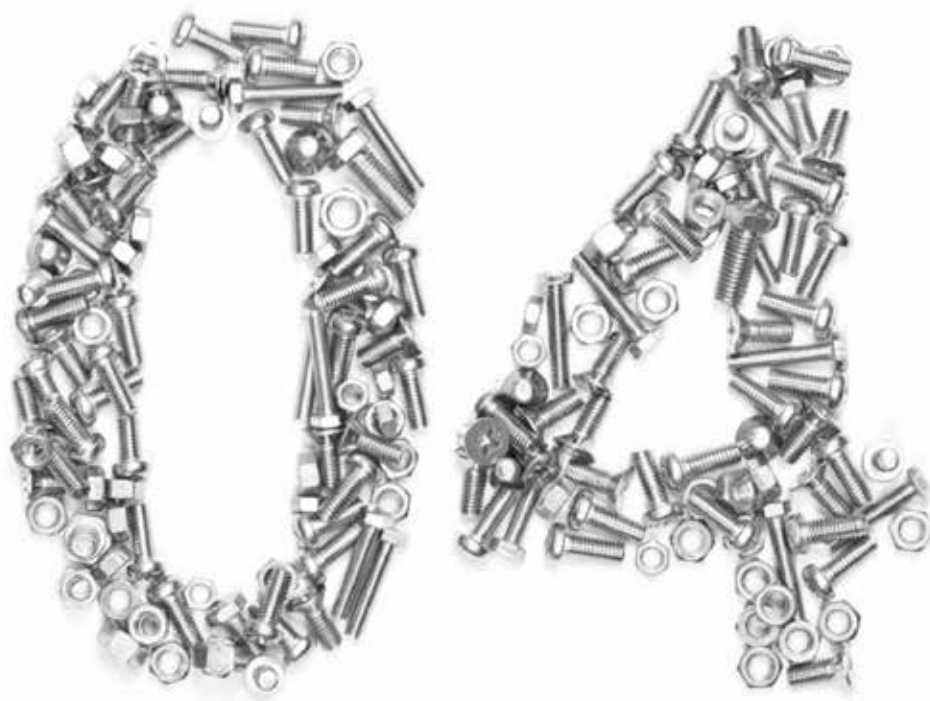
We confirm that to the best of our knowledge:

- 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
& Company Secretary

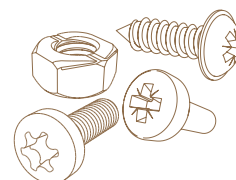




04 OUR FINANCIALS

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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 2014 set out on pages 93 to 131. 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 2014 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 (£30.6 million)

Refer to page 71 (Audit Committee Report), page 102 (accounting policy) and page 116 (financial disclosures).

The risk — 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*. This customer-specific inventory is one of the key areas our audit focused on.

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

- Analysed inventory balances by customer and obtained an understanding of the expected usage to assess the non-recoverability risk
- Inspected a sample of service level agreements to consider the terms under which customers are obliged to purchase quantities of inventory
- Tested the adequacy of the Group's provisions against inventory by assessing the Directors' assumptions, taking account of externally available data on trade credit exposures, accuracy of the Directors' previous estimates and our own knowledge of recent bad debt experience in the respective industries and post year-end events

Our general audit procedures included, among others, performing a detailed analysis of the inventory ageing to challenge whether old and slow moving inventory is provided against in accordance with the Group accounting policy, considering the reasonableness of the provision policy and inspecting sales invoices to assess whether the 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 also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the inventory provision.

RECOVERABILITY OF TAIWAN GOODWILL (£9 million)

Refer to page 71 (Audit Committee Report), page 101 (accounting policy) and pages 112 to 113 (financial disclosures).

The risk — There is a risk over the recoverability of the Group's goodwill balance in relation to Special Fasteners Engineering Company Limited (Taiwan) due to the sensitivity of the underlying cash flow forecasts to projected improvements in business profitability. Furthermore there is an inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability.

Our response — In this area our audit procedures included, among others, testing of 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, competition, cost inflation and discount rates, as well as performing break-even analysis on the assumptions.

We also assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.

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 £810,000. This was determined with reference to a benchmark of Group profit before taxation, which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. Materiality represents 9.1% of Group profit before tax and 8.8% of Group profit before tax before separately disclosed items (including restructuring costs, intangible amortisation and the share option charge) as disclosed on the face of the Consolidated income statement.

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.

Audits for Group reporting purposes were performed by component auditors and the Group audit team at the key reporting components including UK, Singapore, Malaysia, Shanghai, Taiwan, Sweden and Holland. Review procedures were performed by the Group audit team on the remaining locations. The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component and ranged from £65,000 to £810,000. The combined effect of this approach covered 100% of Group revenue, 100% of Group profit before tax, and 99% of Group assets.

Detailed audit instructions were sent to all the auditors in these locations. These instructions covered the significant audit areas that should be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. Clearance meetings were held by the local auditors with local management. The UK team had telephone conference calls with the component auditors to discuss the audit issues and conclusions reached.

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

INDEPENDENT AUDITOR'S REPORT continued

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 87, in relation to going concern
- the part of the Corporate Governance Statement on pages 68 to 69 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 87, 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/auditscopeukco2013a, 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 Audit Plc, Statutory Auditor
Chartered Accountants
1 Forest Gate
Crawley
RH11 9PT
16 June 2014

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2014

	Note	2014 £000	2013 £000
Continuing operations			
Revenue	3	129,775	121,544
Cost of sales		(93,809)	(89,969)
Gross profit		35,966	31,575
Other operating income	4	312	486
Distribution expenses		(2,927)	(2,732)
Administrative expenses before separately disclosed items		(23,655)	(21,358)
IFRS2 charge	2, 22	(67)	(91)
Intangible amortisation	2, 12	(221)	(331)
Restructuring costs	2	—	(389)
Total administrative expenses		(23,943)	(22,169)
Operating profit	5, 6, 7	9,408	7,160
Financial income	8	85	45
Financial expenses	8	(619)	(763)
Net financing costs		(534)	(718)
Profit before tax	2, 3	8,874	6,442
Taxation	9	(2,276)	(1,734)
Profit for the period (attributable to equity shareholders of the Parent Company)		6,598	4,708
Earnings per share (total)			
Basic	25	6.08p	4.39p
Diluted	25	5.76p	4.18p

The notes on pages 99 to 131 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

	Group	
	2014 £000	2013 £000
Profit for the year	6,598	4,708
Other comprehensive income:		
Foreign currency translation differences	(5,083)	2,167
Other comprehensive income recognised directly in equity net of income tax	(5,083)	2,167
Total comprehensive income recognised for the year (attributable to the equity shareholders of the Parent Company)	1,515	6,875

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 income:					
Foreign currency translation differences	—	—	(5,083)	—	(5,083)
Total other comprehensive income	—	—	(5,083)	—	(5,083)
Total comprehensive income recognised for the year	—	—	(5,083)	6,598	1,515
Transactions with owners, recorded directly in equity					
Issue of share capital	23	61	—	—	84
Share based payment transactions	—	—	—	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2013

	Share Capital £000	Share Premium £000	Translation Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 31 March 2012	5,343	18,263	9,804	20,078	53,488
Total comprehensive income for the year:					
Profit for the year	—	—	—	4,708	4,708
Other comprehensive income:					
Foreign currency translation differences	—	—	2,167	—	2,167
Total other comprehensive income	—	—	2,167	—	2,167
Total comprehensive income recognised for the year	—	—	2,167	4,708	6,875
Transactions with owners, recorded directly in equity					
Issue of share capital	69	164	—	—	233
Share based payment transactions	—	—	—	360	360
Dividends	—	—	—	(534)	(534)
Total transactions with owners	69	164	—	(174)	59
Balance at 31 March 2013	5,412	18,427	11,971	24,612	60,422

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
Transactions with owners, recorded directly in equity					
Issue of share capital	23	61	—	—	84
Share based payment transactions	—	—	—	395	395
Dividends	—	—	—	(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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2013

	Share Capital £000	Share Premium £000	Merger Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 31 March 2012	5,343	18,263	1,521	4,048	29,175
Total comprehensive income for the year:					
Loss for the year	—	—	—	(674)	(674)
Total comprehensive income recognised for the year	—	—	—	(674)	(674)
Transactions with owners, recorded directly in equity					
Issue of share capital	69	164	—	—	233
Share based payment transactions	—	—	—	268	268
Dividends	—	—	—	(534)	(534)
Total transactions with owners	69	164	—	(266)	(33)
Balance at 31 March 2013	5,412	18,427	1,521	3,108	28,468

STATEMENTS OF FINANCIAL POSITION

at 31 March 2014

	Note	Group		Company	
		2014 £000	2013 £000	2014 £000	2013 £000
Non-current assets					
Property, plant and equipment	10, 11	11,828	13,360	2,414	2,457
Intangible assets	12, 13	16,959	18,366	—	—
Equity investments	14	—	—	33,551	33,551
Deferred tax assets	15, 16	1,257	966	842	436
Total non-current assets		30,044	32,692	36,807	36,444
Current assets					
Inventories	17	30,574	30,439	—	—
Trade and other receivables	18	27,665	27,248	1,531	1,422
Cash and cash equivalents	19, 26	15,535	10,750	743	154
Total current assets		73,774	68,437	2,274	1,576
Total assets	3	103,818	101,129	39,081	38,020
Current liabilities					
Bank overdraft	19, 26	31	195	3,700	6,048
Other interest-bearing loans and borrowings	20, 26	10,950	11,334	—	—
Trade and other payables	21	24,678	21,029	4,317	3,396
Tax payable		2,120	1,424	—	—
Provisions	23	124	700	—	104
Total current liabilities		37,903	34,682	8,017	9,548
Non-current liabilities					
Other interest-bearing loans and borrowings	20, 26	2,524	4,418	—	—
Provisions	23	938	701	—	—
Deferred tax liabilities	15, 16	786	906	216	4
Total non-current liabilities		4,248	6,025	216	4
Total liabilities	3	42,151	40,707	8,233	9,552
Net assets		61,667	60,422	30,848	28,468
Equity					
Share capital		5,435	5,412	5,435	5,412
Share premium		18,488	18,427	18,488	18,427
Reserves		6,888	11,971	1,521	1,521
Retained earnings		30,856	24,612	5,404	3,108
Total equity		61,667	60,422	30,848	28,468

The notes on pages 99 to 131 form part of these financial statements.

These financial statements were approved by the Board of Directors on 16 June 2014 and were signed on its behalf by:

Malcolm Diamond MBE **James Barker**
Director Director

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2014

	Note	Group		Company	
		2014 £000	2013 £000	2014 £000	2013 £000
Cash flows from operating activities					
Profit/(loss) for the year		6,598	4,708	2,768	(674)
Adjustments for:					
Depreciation, amortisation and impairment		1,323	1,586	57	56
Financial income		(85)	(45)	(33)	(36)
Financial expense		619	763	76	50
Gain/(loss) on sale of property, plant and equipment and investments		26	(14)	—	—
Dividends received		—	—	(5,843)	(1,619)
Equity settled share-based payment charge/(credit)		67	91	(86)	76
Taxation		2,276	1,734	134	108
Operating cash inflow/(outflow) before changes in working capital and provisions		10,824	8,823	(2,927)	(2,039)
Change in trade and other receivables		(1,336)	(183)	44	(77)
Change in inventories		(1,605)	839	—	—
Change in trade and other payables		4,281	(969)	921	(43)
Change in provisions		(339)	(638)	(104)	104
Cash generated from/(used in) operations		11,825	7,872	(2,066)	(2,055)
Tax paid		(1,809)	(1,427)	—	(180)
Net cash from/(used in) operating activities		10,016	6,445	(2,066)	(2,235)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		12	18	—	—
Interest received		85	45	33	36
Acquisition of subsidiary, net of cash acquired		—	(1,389)	—	—
Acquisition of property, plant and equipment	10, 11	(838)	(869)	(14)	(3)
Dividends received		—	—	5,843	1,619
Net cash (used in)/from investing activities		(741)	(2,195)	5,862	1,652
Cash flows from financing activities					
Proceeds from the issue of share capital		84	233	84	233
Repayment of borrowings	20, 26	(1,679)	(4,707)	—	(999)
Payment of finance lease liabilities	20, 26	(51)	(178)	—	—
Dividends paid		(867)	(534)	(867)	(534)
Interest paid		(619)	(763)	(76)	(50)
Net cash used in financing activities		(3,132)	(5,949)	(859)	(1,350)
Net change in cash and cash equivalents		6,143	(1,699)	2,937	(1,933)
Cash and cash equivalents at 1 April	19	10,555	11,798	(5,894)	(3,961)
Effect of exchange rate fluctuations on cash held		(1,194)	456	—	—
Cash and cash equivalents at 31 March	19	15,504	10,555	(2,957)	(5,894)

The notes on pages 99 to 131 form part of these financial statements.

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 IBC.

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 £2.77 million (2013: loss £0.67m).

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 Accounting 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 Consolidated 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.

IFRS not yet applied

At the date of approval of these financial statements, the following standards, interpretations and amendments were issued but not yet mandatory and early adoption has not been applied.

- Amendments to IFRS10, IFRS12 and IAS27 Investment Entities
- Amendments to IAS32 Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS36 Recoverable Amount Disclosures for Non-Financial Assets
- IFRIC21 Levies
- Amendments to IAS39 Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to IAS19 Defined Benefit Plans: Employee Contributions
- IFRS9 Financial Instruments

It is considered that the above standards, amendments and interpretations will not have a significant effect on the consolidated or Company results or net assets.

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 IFRS 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 31.

A review of the business activity and future prospects of the Group are covered in the Chairman's and CEO's Statement and the Directors' Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review. Detailed information regarding the Group's current facility levels, liquidity risk and maturity dates 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.

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

1 Accounting policies continued

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.

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 upon 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 (l)).

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.

1 Accounting policies continued

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 note (s).

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 is incurred.

g) Intangible assets

i) Goodwill

All business combinations are accounted for by applying the purchase method. In respect of business acquisitions that have occurred since 1 April 2004, goodwill represents the difference between the cost of the acquisition 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.

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 l).

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.

Decreases in goodwill resulting from the non payment of contingent consideration are recognised in the period when non payment occurs.

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 l).

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 intangibles are as follows:

Customer relationships	—	8.3% to 12.5% per annum
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h) Investments in subsidiaries

Investments in subsidiaries are held in the Company balance sheet at historic cost net of any impairment.

i) Trade and other receivables

Trade and other receivables are stated at their fair value, and subsequently at cost less impairment losses (see accounting policy l).

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

1 Accounting policies continued

j) 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, consumable 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.

k) 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 statement of cash flows.

l) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy j), and deferred tax assets (see accounting policy t), 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 (see accounting policy L(i)).

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.

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 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.

m) Share capital – 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.

n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value. Where existing facilities are extinguished (rather than modified) arrangement fees and related costs are expensed in full in the income statement as incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

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.

1 Accounting policies continued

ii) *Share-based payment transactions*

The share option programme allows Group employees to acquire shares of the Parent Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using Black Scholes, Binomial lattice and Monte Carlo models, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. IFRS2 has been applied, in accordance with IFRS1, to equity settled share options granted after 7 November 2002 and not vested at 1 April 2005.

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.

p) 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.

i) *Restructuring*

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

ii) *Dilapidations*

A provision for dilapidations is recognised when expected costs become more likely than not and can be estimated reliably.

iii) *Onerous contracts*

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

q) Trade and other payables

Trade and other payables are stated at cost.

r) 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.

s) 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 arrangement fees and related costs recognised in line with accounting policy (n).

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

1 Accounting policies continued

t) Taxation

Tax on the profit or loss for the periods 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.

u) 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.

v) 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.

w) 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 profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

x) 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 operating profit is profit before taxation and separately disclosed items (see note 2).

Underlying earnings used in the calculation of underlying earnings per share is profit after tax excluding separately disclosed items.

1 Accounting policies continued

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.

y) 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 and separately disclosed items

	Note	2014 £000	2013 £000
Underlying profit before tax		9,162	7,253
Separately disclosed items within administrative expenses			
IFRS2 share-based payment charge		(67)	(91)
Intangible amortisation	12	(221)	(331)
Restructuring costs		—	(389)
Profit from continuing operations before tax		8,874	6,442

There were no separately disclosed items in 2014 other than the IFRS2 share based charge and intangible amortisation in relation to customer relationships acquired through acquisitions in previous years.

Of the 2013 restructuring costs £0.19 million refers to redundancy payments and associated costs in relation to compensation for loss of office for Seamus Murphy following his departure from the Board on 31 January 2013. The remaining balance of £0.20 million were further redundancies within the UK to drive the ongoing efficiencies.

3 Operating segmental analysis

Segment information, as discussed in note 1, 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 segment 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.

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

Mainland Europe: includes Norway, Sweden, Hungary, Ireland, Holland, and Poland

USA: includes USA and Mexico

Asia: includes Malaysia, China, Singapore, Taiwan, Thailand and India

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

3 Operating segmental analysis continued

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 2014	UK £000	Mainland 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)

March 2013	UK £000	Mainland Europe £000	USA £000	Asia £000	Common Costs £000	Total £000
Revenue						
Revenue from external customers	57,258	22,912	2,519	38,855	—	121,544
Inter segment revenue	1,672	564	104	4,253	—	6,593
Total revenue	58,930	23,476	2,623	43,108	—	128,137
Underlying operating result	4,135	1,108	295	4,411	(1,978)	7,971
Net financing costs	(471)	(1)	(1)	(195)	(50)	(718)
Underlying segment result	3,664	1,107	294	4,216	(2,028)	7,253
Separately disclosed items (see note 2)						(811)
Profit before tax						6,442
Specific disclosure items						
Depreciation and amortisation	140	49	15	1,065	317	1,586
Assets and liabilities						
Segment assets	34,071	10,448	1,362	51,401	3,847	101,129
Segment liabilities	(22,925)	(2,817)	(150)	(13,152)	(1,663)	(40,707)

3 Operating segmental analysis continued

There were no major customers that represent more than 10% of the revenue.

There was no material difference in the UK, Mainland 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, £3.08 million (2013: £2.66m) was sold into the American market and £5.54 million (2013: £5.64m) 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

	2014 £000	2013 £000
Rental income received from freehold properties	163	166
Other income	149	320
	312	486

5 Expenses and auditor's remuneration

Included in profit for the year are the following:

	Note	2014 £000	2013 £000
Depreciation	10	1,102	1,255
Amortisation of acquired intangibles	12	221	331
Operating lease expense		2,342	2,330
Loss/(profit) on disposal of fixed assets		26	(15)
Forex (gain)/loss		(394)	250

Auditor's remuneration:

	2014 £000	2013 £000
Audit of these financial statements	40	40
Audit of financial statements of subsidiaries pursuant to legislation	153	147
Other services relating to taxation	26	36
Other services supplied pursuant to such legislation	30	25
Other services relating to transaction services	175	—

6 Staff numbers and costs

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

	Group Number of employees	
	2014	2013
Office and management	93	92
Manufacturing	274	271
Sales	157	155
Distribution	514	509
	1,038	1,027

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

6 Staff numbers and costs continued

The aggregate payroll costs of these persons were as follows:

	Group	
	2014 £000	2013 £000
Wages and salaries (including bonus)	22,437	20,382
Share based payments	67	91
Social security costs	1,876	1,605
Other pension costs (see note 22)	1,525	1,425
	25,905	23,503

7 Directors' emoluments

	2014 £000	2013 £000
Directors' emoluments	1,799	1,355
Deferred equity	890	—
Compensation for loss of office	—	161
Company contributions to money purchase pension plans	95	106
	2,784	1,622

The emoluments of individual Directors are shown in the Remuneration Report on page 82.

The aggregate of emoluments of the highest paid Director was £0.64 million, which included deferred equity of £0.23 million (2013: £0.30m), and Company pension contributions of £nil (2013: £nil) were made to a money purchase scheme on his behalf.

	Number of Directors	
	2014	2013
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	3	4
The number of Directors who exercised share options was	—	2

See pages 74 to 86 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

	2014 £000	2013 £000
Financial income	85	45
Financial expenses		
Interest payable on bank loans and hire purchase liabilities	619	763

9 Taxation

	2014 £000	2013 £000		
Recognised in the income statement				
Current UK tax expense:				
Current year	510	5		
Adjustments for prior years	53	—		
	563	5		
Current tax on foreign income for the year	1,603	1,192		
Adjustments for prior years	15	114		
	1,618	1,306		
Total current tax	2,181	1,311		
Deferred tax expense (note 15)				
Origination and reversal of temporary differences	49	434		
Adjustments for prior years	46	(11)		
	95	423		
Tax in income statement	2,276	1,734		
	2014 £000	2013 £000		
Tax recognised directly in equity				
Current tax recognised directly in equity	(41)	(69)		
Deferred tax recognised in equity	(506)	(160)		
Total tax recognised in equity	(547)	(229)		
	2014 £000	2013 £000	ETR %	ETR %
Reconciliation of effective tax rate ('ETR') and tax expense				
Profit for the period	6,598	4,708		
Tax from continuing operations	2,276	1,734		
Profit before tax	8,874	6,442		
Tax using the UK corporation tax rate of 23% (2013: 24%)	2,041	1,546	23	24
Tax suffered on dividends	115	174	1	3
Non-deductible expenses	247	231	3	4
IFRS2 share option credit	(4)	(10)	—	—
Deferred tax assets not recognised	(130)	(184)	(1)	(3)
Different tax rates on overseas earnings	(182)	(171)	(2)	(3)
Adjustments in respect of prior years	114	103	1	2
Tax rate change	75	45	1	—
Total tax in income statement	2,276	1,734	26	27

On 1 April 2013 the UK corporation tax rate reduced from 24% to 23%, resulting in a headline UK corporation tax rate for the year of 23%. The UK Government has reduced the UK corporation tax rate to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 and these reductions have been reflected in the measurement of deferred tax balances.

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

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 2012	10,912	736	16,793	4,620	302	33,363
Additions	8	91	553	161	56	869
Disposals	—	—	(134)	(40)	(72)	(246)
Effect of movements in foreign exchange	344	44	653	49	14	1,104
Balance at 31 March 2013	11,264	871	17,865	4,790	300	35,090
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
Depreciation and impairment						
Balance at 1 April 2012	1,807	455	13,318	4,274	217	20,071
Depreciation charge for the year	175	58	867	119	36	1,255
Disposals	—	—	(131)	(40)	(72)	(243)
Effect of movements in foreign exchange	49	16	515	57	10	647
Balance at 31 March 2013	2,031	529	14,569	4,410	191	21,730
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
Net book value						
At 1 April 2012	9,105	281	3,475	346	85	13,292
At 31 March 2013	9,233	342	3,296	380	109	13,360
At 31 March 2014	8,345	318	2,658	418	89	11,828

Included in the net book value of land and buildings is £7.08 million (2013: £7.78m) of freehold land and buildings, and £1.27 million (2013: £1.45m) of long leasehold land and buildings.

£11.26 million (2013: £10.91m) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

Included in the total net book value of plant and machinery is £nil (2013: £0.58m) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £0.10 million (2013: £0.12m).

11 Property, plant and equipment – Company

	Land and buildings £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 April 2012	3,497	750	4,247
Additions	–	3	3
Balance at 31 March 2013	3,497	753	4,250
Balance at 1 April 2013	3,497	753	4,250
Additions	–	14	14
Balance at 31 March 2014	3,497	767	4,264
Depreciation and impairment			
Balance at 1 April 2012	993	744	1,737
Depreciation charge for the year	54	2	56
Balance at 31 March 2013	1,047	746	1,793
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
Net book value			
At 1 April 2012	2,504	6	2,510
At 31 March 2013	2,450	7	2,457
At 31 March 2014	2,396	18	2,414

Included in the net book value of land and buildings is £2.40 million (2013: £2.45m) of freehold land and buildings.

£3.50 million (2013: £3.50m) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

12 Intangible assets – Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 2012	30,538	2,973	33,511
Fair value adjustment	96	—	96
Effect of movements in foreign exchange	928	55	983
Balance at 31 March 2013	31,562	3,028	34,590
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
Amortisation and impairment			
Balance at 1 April 2012	13,884	1,758	15,642
Amortisation for the year	—	331	331
Effect of movements in foreign exchange	246	5	251
Balance at 31 March 2013	14,130	2,094	16,224
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
Net book value			
At 1 April 2012	16,654	1,215	17,869
At 31 March 2013	17,432	934	18,366
At 31 March 2014	16,322	637	16,959

Other intangible assets are made up of customer relationships acquired as part of the acquisitions of Serco Ryan Ltd and Power Steel and Electro-Plating Works SDN Bhd (PSEP). During the year the assets of Serco Ryan became fully amortised, while the remaining amortisation period left on the assets of PSEP is 9.75 years.

The 2013 fair value adjustment relates to a PSEP deferred tax liability recognised upon revaluation of buildings performed prior to the acquisition in December 2011.

There were £nil impairments made during 2014 (2013: £nil).

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

	2014 £000	2013 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	9,029	10,050
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)	798	887
Other	104	104
	16,322	17,432

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 five 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.

12 Intangible assets – Group continued

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 table below highlights the key assumptions on our Taiwanese subsidiary:

	Taiwan	
	2014	2013
Discount rate	10%	13%
Long term growth rate	4%	4%

Long term growth rate

Five 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; and
- 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 WACC on a post-tax basis. This takes into account certain components such as 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 Taiwan and is in accordance with IAS 36.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

Other than as disclosed below, 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.

The estimated value in use at 31 March 2014 of the Group's operations in Taiwan was £5.47 million above its carrying value. Any material adverse change in key assumptions could, in isolation, cause a significant reduction in the headroom against the carrying value.

The table below shows what the variables used in the 'value in use' calculation for Taiwan need to change to (in isolation) in order for the estimated recoverable amount to be equal to its carrying value.

	Taiwan
Discount rate	13%
Budgeted reduction in EBIT	29%
Long term growth rate	<0%

Other subsidiaries are not included in the calculation as their individual cash generating units show a significant headroom over the goodwill carrying value.

The £1.02 million and £0.09 million decrease in the goodwill of SFE and PSEP respectfully refer to foreign exchange losses as these investments are held in Singapore dollars within TR Asia Investment Holdings Pte Ltd.

There was no material difference between pre and post-tax discount rates.

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

13 Intangible assets – Company

	Other £000
Cost	
Balance at 1 April 2012 and 31 March 2013	62
Balance at 31 March 2014	62
Amortisation and impairment	
Balance at 1 April 2012	62
Amortisation for the year	—
Balance at 31 March 2013	62
Balance at 1 April 2013	62
Amortisation for the year	—
Balance at 31 March 2014	62
Net book value	
At 1 April 2012	—
At 31 March 2013	—
At 31 March 2014	—

14 Equity investments – Company Investments in subsidiaries

	£000
Cost	
Balance at 1 April 2012 and 31 March 2013	41,436
Balance at 31 March 2014	41,436
Provision	
Balance at 1 April 2012 and 31 March 2013	7,885
Balance at 31 March 2014	7,885
Net book value	
At 1 April 2012	33,551
At 31 March 2013	33,551
At 31 March 2014	33,551

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included on page 131.

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	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Property, plant and equipment	(131)	(178)	1,218	1,113	1,087	935
Intangible assets	(10)	(10)	21	56	11	46
Inventories	(451)	(389)	—	—	(451)	(389)
Provisions	(221)	(426)	195	103	(26)	(323)
IFRS2	(1,042)	(317)	—	—	(1,042)	(317)
Tax value of loss c/fwd	(50)	(12)	—	—	(50)	(12)
Tax (assets)/liabilities	(1,905)	(1,332)	1,434	1,272	(471)	(60)
Tax set-off	648	366	(648)	(366)	—	—
Net tax (assets) liabilities	(1,257)	(966)	786	906	(471)	(60)

A potential £0.81 million (2013: £1.02m) 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 £1.29 million (2013: £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 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)

Movement in deferred tax during the prior year

	1 April 2012 £000	Recognised in income £000	Recognised on Acquisitions £000	Recognised in Equity £000	31 March 2013 £000
Property, plant and equipment	599	211	96	29	935
Intangible assets	89	(43)	—	—	46
Inventories	(284)	(105)	—	—	(389)
Provisions	(439)	119	—	(3)	(323)
IFRS2	(117)	—	—	(200)	(317)
Tax value of loss c/fwd	(267)	241	—	14	(12)
	(419)	423	96	(160)	(60)

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	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Property, plant and equipment	—	—	216	4	216	4
Provisions	(1)	(181)	—	—	(1)	(181)
IFRS2	(841)	(255)	—	—	(841)	(255)
Tax (assets)/liabilities	(842)	(436)	216	4	(626)	(432)

A potential £1.29 million (2013: £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 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)

Movement in deferred tax during the prior year

	1 April 2012 £000	Recognised in income £000	Recognised in Equity £000	31 March 2013 £000
Property, plant and equipment	(2)	6	—	4
Provisions	(272)	91	—	(181)
IFRS2	(87)	—	(168)	(255)
	(361)	97	(168)	(432)

17 Inventories

	Group	
	2014 £000	2013 £000
Raw materials and consumables	2,962	3,374
Work in progress	1,057	1,460
Finished goods and goods for resale	26,555	25,605
	30,574	30,439

18 Trade and other receivables

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade receivables	26,330	25,872	—	—
Non trade receivables and prepayments	1,335	1,376	55	6
Amounts owed by subsidiary undertakings	—	—	1,476	1,416
	27,665	27,248	1,531	1,422

19 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Cash and cash equivalents per Statement of financial position	15,535	10,750	743	154
Bank overdrafts per Statement of financial position	(31)	(195)	(3,700)	(6,048)
Cash and cash equivalents per cash flow statements	15,504	10,555	(2,957)	(5,894)

20 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of 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.

Initial Loan Value	Rate	Maturity	Current		Non-current	
			2014 £000	2013 £000	2014 £000	2013 £000
Group						
Asset based lending £18.30m (Maximum)	Base (+1.89% to 2.25%)	2015	9,504	9,675	—	—
Acquisition term loan S\$15.11m	Fixed 3.14%	2016	1,441	1,604	2,522	4,411
Finance lease liabilities	Various	2013/14	5	55	2	7
			10,950	11,334	2,524	4,418
Total Group			10,950	11,334	2,524	4,418

Finance lease liabilities

	Minimum Lease Payments	Interest	Principal
	2014 £000	2014 £000	2014 £000
Less than one year	5	1	4
Between one and two years	2	—	2
	7	1	6

21 Trade and other payables

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade payables	14,370	12,851	—	—
Amounts payable to subsidiary undertakings	—	—	2,589	2,593
Non-trade payables and accrued expenses	9,077	7,012	1,702	782
Other taxes and social security	1,231	1,166	26	21
	24,678	21,029	4,317	3,396

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 £1.53 million (2013: £1.43m) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pensions contributions of £0.10 million (2013: £0.09m), which are included in creditors.

Share-based payments

The Group Share Options and Share Matching 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 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:

	2014		2013	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of year	7,953,790	0.13	8,976,859	0.13
Granted during the year	290,828	0.49	525,754	0.35
Forfeited/lapsed during the year	(87,044)	0.53	(185,621)	0.35
Exercised during the year	(431,918)	0.19	(1,363,202)	0.17
Outstanding at the end of the year	7,725,656	0.14	7,953,790	0.13
Exercisable at the end of the year	5,811,466	0.09	6,047,782	0.09

The options outstanding at 31 March 2014 had a weighted average remaining contractual life of 4.5 years (2013: 5.2 years) and exercise prices ranging from £0.085 to £0.825 (2013: £0.085 to £0.825).

The fair value of services received in return for share options granted are 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, Binominal lattice and Monte Carlo models. The contractual life of the option is used as an input into this model.

Options granted before September 2004 (with the exception of SAYE) can only be exercised if the Company's growth based on annualised earnings per share in the period or any three consecutive financial years after the grant exceeds RPI plus an average of 2% per annum. Options granted in September 2004 can only be exercisable where the Company's earnings per share growth is at least RPI plus 4% over the three year period from date of grant.

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.

22 Employee benefits continued

The only vesting conditions on all other options are detailed below:

Date of Grant	Type of Instrument	Valuation Model	No. Outstanding on 31 March 2014	Share Price On Date of Grant (£)	Exercise Price (£)	Expected Volatility %	Vesting Period (yrs)	Expected Life (yrs)	Risk-Free Rate %	Expected Annual Dividend %	Fair Value (£)
27/09/2004	Share Options	Binomial	40,000	0.760	0.730	37.45	3.00	3.00	4.72	2.50	0.22
15/03/2005	Share Options	Binomial	7,000	0.830	0.830	29.24	3.00	3.00	4.85	2.50	0.13
01/10/2007	SAYE 7 Year	Binomial	6,091	0.740	0.750	29.26	7.00	7.00	5.06	3.39	0.20
01/10/2008	SAYE 5 Year	Binomial	14,466	0.370	0.450	34.02	5.00	5.00	4.17	7.67	0.04
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	5,750,000	0.280	0.085	53.54	3.00	3.00	1.94	3.32	0.09
01/10/2009	SAYE 5 Year	Binomial	631,141	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 3 Year	Black Scholes	5,760	0.370	0.250	47.86	3.00	3.00	1.11	1.36	0.16
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	61,764	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	246,240	0.68	0.500	46.06	3.00	3.00	0.85	1.19	0.27
01/10/2013	SAYE 5 Year	Black Scholes	27,000	0.68	0.500	46.06	5.00	5.00	1.55	1.19	0.31

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 £0.07 million and £0.09 million in relation to equity-settled share-based payment transactions in 2014 and 2013 respectively.

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

22 Employee benefits continued

As at 31 March 2014, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
27/09/04/Executive	40,000	Sep 2007 – Sep 2014
15/03/05/Executive	7,000	Mar 2008 – Mar 2015
01/10/07/SAYE	6,091	Oct 2014
01/10/08/SAYE	32,302	Oct 2013, 2015
01/10/09/SAYE	935,468	Oct 2014, 2016
30/09/10/Executive	5,750,000	Sep 2012 – Sep 2019
01/10/10/SAYE	108,906	Oct 2013, 2015, 2017
01/10/11/SAYE	77,910	Oct 2014, 2016, 2018
01/10/12/SAYE	494,739	Oct 2015, 2017, 2019
01/10/13/SAYE	273,240	Oct 2016, 2018
	7,725,656	

In accordance with IFRS1, transitional provisions, share option arrangements granted before 7 November 2002 have not been included in the IFRS2 charge calculated.

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

23 Provisions

Group	Restructuring costs £000	Dilapidations £000	Total £000
Balance at 31 March 2013	450	951	1,401
Provisions made during the year	—	305	305
Provisions utilised during the year	(361)	(283)	(644)
Balance at 31 March 2014	89	973	1,062

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

Dilapidations relate to properties and will be utilised on vacation of the property.

Group	Restructuring costs £000	Dilapidations £000	2014 Total £000	2013 Total £000
Non-current (greater than 1 year)	—	938	938	701
Current (less than 1 year)	89	35	124	700
Balance at 31 March	89	973	1,062	1,401

In respect of the Company there are £nil provisions (2013: £0.10m).

24 Capital and reserves

Capital and reserves — Group and Company

See Statements of Changes in Equity on pages 95 to 96.

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.

On 30 May 2014 the Company issued 3 million shares as part consideration of the acquisition of VIC (see note 32).

Share capital

	Number of Ordinary shares	
	2014	2013
In issue at 1 April	108,230,910	106,867,708
Shares issued	453,270	1,363,202
In issue at 31 March — fully paid	108,684,180	108,230,910

The fair value of the ordinary shares issued was based on a share price of 18.5 pence and a nominal value of 5.0 pence. The total number of shares issued during the year was 453,270.

	2014 £000	2013 £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 5p each	5,435	5,412

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 declared and paid by the Group:

	2014 £000	2013 £000
Final paid 2013 — 0.80 pence (2012: 0.50p) per qualifying ordinary share	867	534
Interim paid 2014* — 0.40 pence (2013: nilp) per qualifying ordinary share	435	—
	1,302	534

* The interim 2014 dividend was paid in April 2014.

After the balance sheet date a final dividend of 1.00 pence per qualifying ordinary share (2013: 0.80p) was proposed by the Directors.

	2014 £000	2013 £000
Final proposed 2014 — 1.00 pence (2013: 0.80p) per qualifying ordinary share	1,087	867

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 2014 was based on the profit attributable to ordinary shareholders of £6.60 million (2013: £4.71m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2014 of 108,533,645 (2013: 107,324,310), calculated as follows:

Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares at 1 April	108,230,910	106,867,708
Effect of shares issued	302,735	456,602
Weighted average number of ordinary shares at 31 March	108,533,645	107,324,310

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2014 was based on profit attributable to ordinary shareholders of £6.60 million (2013: £4.71m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2014 of 114,485,387 (2013: 112,586,386), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2014	2013
Weighted average number of ordinary shares at 31 March	108,533,645	107,324,310
Effect of share options on issue	5,951,742	5,262,076
Weighted average number of ordinary shares (diluted) at 31 March	114,485,387	112,586,386

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 were outstanding.

EPS (Total)	2014 EPS			2013 EPS		
	Earnings £000	Basic	Diluted	Earnings £000	Basic	Diluted
Profit for the financial year	6,598	6.08p	5.76p	4,708	4.39p	4.18p
Separately disclosed items:						
IFRS2 Share option	67	0.06p	0.06p	91	0.08p	0.08p
Intangible amortisation	221	0.20p	0.19p	331	0.31p	0.29p
Restructuring costs	—	—	—	389	0.36p	0.35p
Tax charge on adjusted items	(66)	(0.06p)	(0.06p)	(195)	(0.18p)	(0.17p)
Adjusted	6,820	6.28p	5.95p	5,324	4.96p	4.73p

The 'Adjusted 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 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 £26.33 million (2013: £25.87m), being the total carrying amount of trade receivables net of an allowance. Management do not consider there to be any significant unimpaired credit risk in the year-end balance sheet (2013: £nil).

At the balance sheet date there were no significant concentrations of credit risk.

The amount of trade receivables which are beyond 90 days from their due date is £0.40 million (2013: £0.69m). This represents 1% of the total gross receivable balance.

Impairment losses

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

	2014 £000	2013 £000
Balance at 1 April	(640)	(451)
Impairment movement	87	(189)
Balance at 31 March	(553)	(640)

There are no significant losses/bad debts provided for specific customers.

(ii) Liquidity and interest risk

The Group holds net debt and hence its 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 up to €25.00 million ('Facility A') used to fund the acquisition of VIC
- a revolving multi-currency credit facility of up to £10.00 million ('Facility B'), replacing the existing revolving credit facility of £5 million

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

Facility A is repayable in semi-annual instalments of €1.25 million on 31 October 2014, 30 April 2015, 31 October 2015, 30 April 2016 and 31 October 2016; then at the rate of €2.50 million payable on 30 April 2017, 31 October 2017, 30 April 2018 and 31 October 2018, with the final balance being payable on the date five years after the date of the facility.

Interest on the Facilities is charged at the aggregate rate of LIBOR/EURIBOR plus a margin (initially 2.40 %), ratcheted from six months after drawdown in accordance with a formula incorporating the ratio of consolidated net debt of the Enlarged Group against the consolidated EBITDA of the Enlarged Group.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

26 Financial instruments continued

In addition the Group has an Asset Based Lending facility providing up to a maximum of £18.30 million 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 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: Adjusted EBITDA to Debt Service to exceed a ratio of one.

Net Debt cover: Total Net Debt to Adjusted EBITDA not to exceed a ratio of 2.75.

With respect to the Asian loan facility, the covenant testing is as follows:-

Minimum Tangible Net worth (TR Asia Investment Holdings Pte Ltd) of S\$20 million

Minimum Consolidated Tangible Net worth (Asia Group) of S\$35 million

Maximum Asia Group Net Debt to EBITDA ratio of 2.0x

Minimum Asia Group Debt Service Cover (DSC) of 1.2x

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

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.

Interest risk

The Group monitors closely all loans outstanding which currently incur interest at floating rates.

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 and the periods in which they mature:

Company	Effective interest rate %	2014			Effective interest rate %	2013		
		Total £000	0 to <1 year £000	1 to 2 years £000		Total £000	0 to <1 year £000	1 to 2 years £000
Cash and cash equivalents		743	743	—		154	154	—
Bank overdrafts		(3,700)	(3,700)	—		(6,048)	(6,048)	—
Total Company		(2,957)	(2,957)	—		(5,894)	(5,894)	—
Group								
Cash and cash equivalents		15,535	15,535	—		10,750	10,750	—
Secured bank loans	3.43	(13,467)	(10,945)	(2,522)	3.43	(15,690)	(11,279)	(4,411)
Finance lease liabilities	2.98-4.00	(7)	(5)	(2)	2.98-4.00	(62)	(55)	(7)
Bank overdrafts		(31)	(31)	—		(195)	(195)	—
Total Group		2,030	4,554	(2,524)		(5,197)	(779)	(4,418)

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.

26 Financial instruments continued

Sensitivity analysis

A change of 1 point in interest rates at the balance sheet date would change equity and profit and loss by £0.10 million (2013: £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, purchases and cash borrowings 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's exposure to foreign currency risk is as follows (based on the carrying amount for monetary financial instruments held in non-functional currencies):

	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
31 March 2014					
Cash and cash equivalents	334	1,830	3,788	154	6,106
Balance sheet exposure	334	1,830	3,788	154	6,106
	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
31 March 2013					
Cash and cash equivalents	576	431	2,423	794	4,224
Balance sheet exposure	576	431	2,423	794	4,224

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	
	2014 £000	2013 £000
US Dollar to Sterling	(9)	(2)
Euro to Sterling	(10)	—
Singapore Dollar to Sterling	(18)	(15)
Singapore Dollar to US Dollar	(3)	(5)
Taiwanese Dollar to US Dollar	(1)	(5)

A 1% strengthening of the above currencies against the pound Sterling at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

26 Financial instruments continued

IV) 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 (II) Liquidity & Interest Risk and note 20) 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:

	2014 £000	2013 £000
Cash and cash equivalents (note 19)	15,504	10,555
Borrowings (note 20)	(13,474)	(15,752)
Net debt	2,030	(5,197)
Equity	(61,667)	(60,422)
Capital	(59,637)	(65,619)

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.

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Less than one year	2,384	2,197	18	27
Between two and five years	3,567	3,375	10	20
More than five years	834	389	—	—
	6,785	5,961	28	47

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

None of the leased properties have been sublet by the Group (2013: £nil). The Group has recognised a provision of £0.01 million (2013: £0.10m) in respect of onerous leases which is included within the restructuring provision. (See note 23).

Group

During the year £2.34 million was recognised as an expense (2013: £2.33m) in the income statement in respect of operating leases.

Company

During the year £0.03 million (2013: £0.06m) was recognised as an expense in the income statement in respect of operating leases.

28 Contingencies

Group and Company

- (i) 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 £3.70 million (2013: £6.19m).
- (ii) In accordance with the provisions of Section 17 of the Republic of Ireland Companies (Amendment) Act 1986, *Trifast plc* has given irrevocable guarantees in respect of the financial year 1 April 2013 to 31 March 2014, in respect of the liabilities, as are referred to in Section 5c of that Act, for the subsidiary Company, *TR Southern Fasteners Limited*.

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.

In addition to details of the compensation of key management personnel given in the Directors' Remuneration Report, the charge for the year in relation to share based payments was £0.07 million (2013: charge of £0.09m).

Transactions with Directors and Directors' close family relatives

During the year a relative of the Chairman provided IT/Marketing consultancy services totalling £14,375 (2013: £16,250) on an arm's length basis and terms similar to other third party suppliers. The outstanding balance at 31 March 2014 was £1,000 (2013: £1,000).

Related party transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included on page 131.

Company related party transactions — income/expenditure

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

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

29 Related parties (Group and Company) continued

Company related party transactions – receivable/payable

	Balances Receivable Trade Receivables £000	Balances Payable Trade Payables £000
<i>TR Fastenings Ltd</i>	445	17
<i>TR Southern Fasteners Ltd</i>	2	—
<i>TR Norge AS</i>	2	—
<i>TR Fastenings AB</i>	3	—
<i>TR Miller BV</i>	663	—
<i>Lancaster Fastener Co Ltd</i>	28	—
<i>TR Hungary Kft</i>	8	5
<i>TR Fastenings Inc</i>	3	—
<i>TR Asia Investments Pte Ltd</i>	2	—
<i>Dormant Subsidiaries</i>	—	267
<i>Trifast Overseas Holdings Ltd</i>	—	2,300
<i>Trifast Holdings BV</i>	303	—
<i>TR Fastenings Poland Sp Zoo</i>	17	—
	1,476	2,589

All related party transactions are on an arms length basis.

30 Subsequent events

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

31 Accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRS's 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. Further details are provided in note 13

- **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 have based their 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 rental. 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 have based their judgements on the classification of inventory and the item's demand

NOTES TO THE FINANCIAL STATEMENTS continued

(forming part of the Financial Statements)

32 Post balance sheet event

On 30 May 2014, the Group acquired the entire issued capital stock of Viterie Italia Centrale Srl ('VIC') for an aggregate consideration of €27 million (£22.5 million).

The consideration for the acquisition comprised €24.15 million (£20.12 million) payable in cash on completion of the Acquisition and €2.85 million (£2.38 million) to be represented by the issue and allotment of 3,000,000 shares of 5 pence each in *Trifast* plc, subject to adjustment in the event that the agreed level of working capital was not left in VIC at completion. Under Italian law, the capital stock of VIC is represented solely by 'quotas' rather than shares, and *Trifast* will be purchasing the entire issued capital stock of VIC.

In addition, it was agreed that a further payment may become due to the vendors of VIC (the 'Vendors') depending on the performance of VIC over the 12 month period ending on 31 December 2014. If VIC generates a post-tax profit (as defined in the Acquisition Agreement) for the year ending 31 December 2014 which exceeds €3,000,000, then for each €1 above this sum an additional €5 is payable to the Vendors, subject to a maximum amount of €5,000,000. This sum would be paid once the post-tax profit has been calculated in accordance with the Acquisition Agreement. Until such time as these additional monies have been paid in accordance with the Acquisition Agreement, any warranty or indemnity claims can be off-set (if proved or settled) against monies due to be paid, and if any claim is not settled or resolved an amount can be withheld from the monies paid until this matter is resolved.

The cash element of the consideration is funded from a new bank facility, details of which are shown in note 26.

The details for the rationale of the acquisition can be found in the Chairman's & CEO's Statement.

VIC had net assets and gross assets as at 31 December 2013 of €17.89 million and €31.88 million respectively. A summary of the trading results for VIC as extracted, without material adjustment, from the VIC historical financial information is set out below:

	Year ended 31 December 2013
Revenue	€27.07m
Gross profit	€7.90m
Profit before tax	€5.42m
Total assets	€31.88m
Net cash	€2.30m
Total equity	€17.89m

Note: Full details of the acquisition are contained in the Class 1 Circular issued to shareholders on 6 May 2014, a copy of which can be found on both our IR website and lodged at the National Storage Mechanism ('NSM').

Due to the short period between completing the acquisition and announcing our 2014 results it was not possible to disclose all of the information required by IFRS3.B64 such as goodwill and fair value adjustments of the assets acquired.

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	Company
Europe					
<i>Trifast</i> Overseas Holdings Ltd	United Kingdom	£111	Holding Company	100%	100%
<i>TR</i> Fastenings Ltd	United Kingdom	£10,200	Manufacture and distribution of fastenings	100%	—
<i>TR</i> Southern Fasteners Ltd	Republic of Ireland	€254	Distribution of fastenings	100%	—
<i>TR</i> Norge AS	Norway	NOK300,000	Distribution of fastenings	100%	—
<i>TR</i> Miller Holding B.V.	Holland	€45,378	Distribution of fastenings	100%	—
Lancaster Fastener Company Ltd	United Kingdom	£40,000	Distribution of fastenings	100%	—
<i>TR</i> Fastenings AB	Sweden	SEK1,500,000	Distribution of fastenings	100%	—
<i>TR</i> Hungary Kft	Hungary	HUF 3,000,000	Distribution of fastenings	100%	—
<i>TR</i> Fastenings Poland Sp. Z o.o	Poland	PLN 50,000	Distribution of fastenings	100%	100%
Viterie Italia Centrale SRL*	Italy	€187,200	Manufacture and distribution of fastenings	100%	100%
Asia					
<i>TR</i> Asia Investment Holdings Pte Ltd	Singapore	S\$4	Holding Company	100%	—
<i>TR</i> Formac Pte Ltd	Singapore	S\$315,000	Manufacture and distribution of fastenings	100%	—
<i>TR</i> Formac (Malaysia) SDN Bhd	Malaysia	MYR480,000	Manufacture and distribution of fastenings	100%	—
<i>TR</i> 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%	—
<i>TR</i> Formac (Suzhou) Co. Ltd	China	US\$2,000,000	Manufacture and distribution of fastenings	100%	—
<i>TR</i> Formac Fastenings Private Ltd	India	INR12,500,000	Distribution of fastenings	100%	—
Power Steel & Electro-Plating Works SDN Bhd	Malaysia	MYR4,586,523	Manufacture and distribution of fastenings	100%	—
<i>TR</i> Formac Co. Ltd	Thailand	THB10,000,000	Distribution of fastenings	100%	—
Americas					
<i>TR</i> 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.

There were no changes in ownership during the year.

All of the above subsidiaries have been included in the Group's financial statements, apart from VIC* which was acquired on 30 May 2014.

GLOSSARY OF TERMS

Assets

Anything owned by the company having a monetary value; e.g. fixed assets like buildings, plant and machinery, vehicles (these are not assets if rented and not owned) and potentially including intangibles like trademarks and brand names, and current assets, such as inventory, debtors and cash.

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 earnings per share (profit after tax and interest divided by the number of ordinary shares in issue). To calculate the P/E ratio:

- Find the total profit after tax and interest for the past year
- Divide this by the number of shares issued
- This gives you the earnings per share
- Divide the price of each share by the earnings per share
- This gives the Price/Earnings or P/E ratio

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 revenues, 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).

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.

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.

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

Earnings relate to operating and non-operating profits e.g. interest, dividends received from other investments. Depreciation and amortisation are non-cash charges to the balance sheet which is made in writing-off an asset over a period.

GLOSSARY OF TERMS continued

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 tangible assets 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.

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.

Profit

The surplus remaining after total costs are deducted from total revenue.

Retained profit

A business profit which is after tax and dividend payments to shareholders; it is often retained by the business and used for reinvestment.

Net profit

The actual profit made during a specific period of business activity, after deducting all costs from gross receipts.

Reserves

The accumulated and retained difference between profits and losses year on year since the company's formation.

Retained earnings

The earnings of a company which is used for reinvestment, rather than being distributed to shareholders as dividends.

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.

$$EBIT \div \text{Capital employed (net assets + net debt)} \times 100 = ROCE$$

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.

SHAREHOLDER NOTES

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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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