

## Half-Yearly Financial Report For The Six Months Ended 30 September 2015

***“Continued organic and acquisitive growth”***

***“Focus on operational efficiencies delivers EPS growth of 23.2%”***

***“Order pipeline across key locations remains encouragingly healthy”***

### HALF-YEARLY HIGHLIGHTS

#### Key financials

	Change HY 2016 v HY 2015	Half year 30.9.2015	Half year 30.9.2014	Full year 31.3.2015
<b>Continuing operations</b>				
Group revenue	+5.6%	£78.1m	£74.0m	£154.7m
Gross profit %	+30bps	29.3%	29.0%	29.0%
Underlying operating profit*	+22.2%	£8.6m	£7.1m	£15.3m
Operating profit	+38.9%	£7.5m	£5.4m	£12.8m
Underlying pre-tax profit*	+24.8%	£8.3m	£6.6m	£14.3m
Pre-tax profit	+43.9%	£7.1m	£4.9m	£11.8m
Underlying diluted earnings per share*	+23.2%	5.05p	4.10p	8.68p
Basic earnings per share	+42.3%	4.41p	3.10p	7.39p
Dividend:				
— final		—	—	1.50p
— interim	+33.3%	0.80p	0.60p	0.60p
— total		0.80p	0.60p	2.10p
Net debt	+£1.3m	(£16.3m)	(£17.5m)	(£13.4m)
Return on capital employed (ROCE)*	+200bps	19.3%	17.3%	18.6%

\* Before separately disclosed items (see note 2).

- Revenue at constant currency grew 8.7% with acquisitions representing 5.4%
- Organic constant currency growth of £4.6m from our top 50 multinational OEMs
- Underlying pre-tax profit\* grew 24.8% to £8.3m, with VIC acquisition representing 11.1%
- Underlying diluted earnings per share\* has increased by 23.2%
- Interim dividend has increased by 33.3%
- Factory expansion in Taiwan completed, increasing SFE capacity by 15%
- Additional investment in “lean-lift” technology in UK, halving pick times
- Post period end events:
  - Seamless transition of Mark Belton to CEO and Clare Foster to CFO on 1 October 2015
  - Strategic and earning enhancing acquisition of Kuhlmann on 1 October 2015 to aid further expansion into Germany

*“We are pleased to report a solid first half performance which has delivered an underlying pre-tax profit increase of 24.8% to £8.3m and a 23.2% increase in underlying EPS.*

*Our order pipeline across our key locations remains encouragingly healthy. We continue to focus on cost control and supply chain management, particularly from ongoing investment into efficiency drivers. The positive impact this is having on our margins is expected to continue.*

*In our quest to add to the momentum of our organic growth, we were very pleased at the start of the second half to establish a strong domestic distribution and logistics facility in Germany through our acquisition of the well-respected Kuhlmann business.*

*Overall, taking into account the current business climate we are operating within, the Board remains optimistic about the Group’s prospects and continues to expect its trading for the financial year as a whole to be in line with its expectations. Organic growth remains only part of our strategy and we will continue to look for our next strategic acquisition to complement the Group’s existing global, product and sector footprint.”*

**Malcolm Diamond** MBE, Executive Chairman

### **Chairman's Introduction**

Our ongoing focus so far this year is on operational efficiencies, especially on our incoming supply chain and warehousing costs, together with increasing our manufacturing capacity at PSEP in Malaysia and SFE in Taiwan.

#### **Global market overview**

Clearly, global events have influenced the industrial sector's confidence during the period. However, *TR* trading to date has not been unduly affected, although it would be wrong to be complacent as we look forward. Rather, events serve as a prompt to be even more diligent in identifying non value add overhead reductions and seek supplier price reductions where steel prices, container rates, any spare factory capacity and relevant foreign exchange movements are opportunities for cost down reviews and negotiations.

#### **TR strategy update**

Our core business of being the preferred fastener supplier to over 40 multinational OEMs, mostly in the electronics, Tier 1 automotive and domestic appliance sectors, continues to gather pace, thus reinforcing our commitment to this growth strategy. The reason why we believe this strategy has future momentum is due to our minor penetration into the many hundreds of sister manufacturing sites of our numerous multinational OEM customers spread across Europe, Asia and the Americas.

In addition, our global sales team has been successful in winning new multinational OEMs every year, and each of these have many plants dotted around the world; therefore, our opportunities for growth continue to roll out.

Elsewhere, our *TR* Branded Products team has maintained excellent margins, as have Lancaster Fastener and our *TR* Plastics specialist team. The factory extension at SFE in Taiwan has been completed and an additional section of new sophisticated cold forging machines installed, increasing our total capacity in Taiwan by 15%. Before the end of the 2015 calendar year, a Japanese six stage parts former, costing £1.0m and weighing over 40 tonnes, will be ready to commence production at PSEP in Malaysia. This will increase our capacity for complex larger components for the automotive, two wheel vehicle and compressor sectors. We believe that this machine will give us a distinct competitive advantage in these target markets.

We have long declared our continuing search for suitable acquisitions to add to the momentum of our organic growth. This has recently been rewarded by Kuhlmann becoming part of the *Trifast* Group. Germany has been a growing export market for *TR*, but our ability to leverage our business potential there has been constrained by the lack of a German speaking team with good local logistics capabilities — especially with the many multinational OEMs based in the country. Both the Kuhlmann management team and their *TR* colleagues are very optimistic about the benefits that will arise from their joint efforts and focus on new business targets.

#### **Succession and people**

Finally, as of 1 October, Mark Belton handed over his CFO role to Clare Foster and took on the CEO position. As planned, Jim Barker retired as CEO but remains available to the Board as a valued consultant until June 2016. I would like to personally acknowledge, with thanks and gratitude, my close and long term colleague's pivotal contribution in leading *Trifast* to the success it is today after we re-joined the Company back in early 2009.

Also, I take the opportunity to thank all my colleagues around the business for their ongoing dedication which has underpinned our performance.

#### **Malcolm Diamond MBE**

Executive Chairman

### **Business review**

*Unless stated otherwise, comparisons with prior year are calculated at constant currency ("CER") and, where we refer to 'underlying', this is defined as being before separately disclosed items (see note 2).*

The Group's sales for the period were up 8.7% on the same period last year, although within this we have seen regional variations, both up and down, in relation to the prior year period and our internal targets. The UK and Shanghai were virtually flat, Hungary and Malaysia were down, whereas the USA, Sweden, Holland and Singapore were each substantially higher. Moreover, the key customer order pipeline into 2016 remains encouraging. Our Italian operation, VIC, continues to yield strong results and now the earn-out has been successfully delivered, the integration of sales and marketing activities is gaining rapid momentum. A review to increase manufacturing capacity on the current site is under way. It is worth noting that the cost gap between the region of Italy where VIC is located and Taiwan is narrowing enticingly.

Importantly, gross and operating margins at a Group level have shown evidence of continuing improvement as, despite increasing expenditure on staff and management training and the ongoing restoration of performance driven staff remuneration, overheads have remained firmly under control.

We continue to invest in the business. In the UK, this period has seen the successful trial and then gradual introduction of computer controlled "lean-lift" stock storage and picking machines; these are halving stock picking times and reducing warehouse space consumption so dramatically, that the need for any new premises through business growth has been removed for the foreseeable future. In turn, this has led to the consolidation of the Poole warehouse into the Uckfield "Hub", which will deliver operational efficiencies whilst continuing to maintain strong customer service.

We are exploring a number of geographical areas, including Spain and Mexico, for new business opportunities and we will report on our progress by June 2016.

## Key financials

### Revenue

	Six months ended 30 September 2015 (£'000)	Six months ended 30 September 2014 (£'000)	Growth at constant exchange rate (CER)	Growth at actual exchange rate (AER)
<b>Revenue (CER)</b>				
UK	32,054	31,989	0.2%	0.2%
Europe	26,128	21,171	23.4%	13.4%
Asia	20,057	18,970	5.7%	4.2%
USA	2,218	1,903	16.5%	22.5%
<b>Total</b>	<b>80,457</b>	<b>74,033</b>	<b>8.7%</b>	<b>5.6%</b>

At CER, Group revenue in the period under review grew by 8.7%. An element of this growth reflects the acquisition of VIC which we acquired on 30 May 2014, two months into the prior half year period. Excluding VIC, organic growth for the Group was 3.3%.

Our half year organic growth has come largely from Europe and Asia at 4.7% (£1.0m) and 5.7% (£1.1m) respectively compared to HY 2015. Our US operation continued to do very well, albeit from a smaller base, to achieve revenue growth of 16.5% (£0.3m) in the half year. Revenue from our UK businesses remained broadly flat compared with HY 2015 with 0.2% (£0.1m) growth.

In Asia, our Singapore location continued to perform very well with revenue growth of 19.5% (£1.1m). In contrast, our PSEP business in Malaysia reported a 9.6% (£0.5m) fall in revenue from the previous half year. Both movements have arisen largely out of changes in product/sales quantities to specific key accounts in the region.

#### Currency exchange rates

The ongoing volatility in the currency markets has impacted on reported revenue growth for the period. On an actual exchange rate ("AER") basis this has reduced CER growth by 3.1% to 5.6% compared to HY 2015.

The largest currency impact has been seen in Europe, where the continued weakness in the Euro has reduced HY 2016 revenue from our European businesses by £2.1m (10.0%) at AER compared to CER. In addition, the more recent depreciation of the Chinese Yuan and its wider impact on currencies across the Asian region has led to a decrease in the revenue from our Asian operations of £0.3m (1.5%) at AER compared to CER.

#### Gross and operating profit

Gross margin at AER was 29.3% (HY 2015: 29.0%) with positive momentum coming predominantly out of our UK and Singapore businesses due to sales mix changes and close management of our supply chain and warehousing costs. Underlying overheads as a percentage of sales have continued to be well managed at 18.2% (HY 2015: 19.4%; FY 2015: 19.1%) reflecting our ongoing commitment and focus on operational efficiencies and continuous improvement.

Underlying operating profit at AER increased by 22.2% to £8.6m and excluding the impact of the additional two months of VIC in HY 2016, organic underlying operating profit grew 11.6% (£0.8m).

#### Separately disclosed items

The Group incurred £1.2m of separately disclosed items in the period. These are amounts that in the Directors' opinion should be shown separately in order to better understand the underlying performance of the Group. They are as follows:

	2015 £m	2014 £m	
<b>Acquisition costs</b>	<b>0.3</b>	1.2	Represents the estimated total professional costs incurred in acquiring Kuhlmann on 1 October 2015 (HY 2015: VIC)
<b>Intangible amortisation</b>	<b>0.3</b>	0.2	Represents the amortisation charge on intangible assets acquired on acquisition. The increase relates to the intangibles acquired as part of the VIC acquisition
<b>Share based payment charges</b>	<b>0.6</b>	0.3	Represents the IFRS 2 fair value charge. The increase is due to the Directors' deferred equity bonus share scheme as approved at the 2014 AGM (FY 2015: £0.7m)
<b>Total</b>	<b>1.2</b>	1.7	

#### Margins

At AER, underlying operating margins in the UK have continued to increase in the period to 9.8% (HY 2015: 8.9%), largely driven by the gross profit improvements discussed above. In Asia the increase is more marked at 16.5% (HY 2015: 12.2%) reflecting a 250 bps increase in gross profit margin due to positive sales mix changes and a reduction in overhead costs.

Underlying operating margins in Europe have reduced to 12.1% (HY 2015: 13.5%). This is largely from adverse movements in the US\$:€ exchange rate which has specifically impacted VIC at a gross profit level, leading to reduced underlying operating margins in VIC of 18.6% compared to 22.1% for the same period last year.

For the Group overall, underlying EBITDA increased to £9.6m (HY 2015: £7.7m) at CER and now represents 11.9% of revenue (HY 2015: 10.3%). Underlying pre-tax profit improved by 28.9% (£1.9m) at CER on the prior year period and by 24.8% (£1.6m) at AER. On

an organic basis (excluding the two additional months of VIC in HY 2016), the increase remains strong at 16.9% (£1.1m) at CER and 13.7% (£0.9m) at AER.

#### **Interest costs**

These were slightly lower at £0.4m (HY 2015: £0.4m). Although the average net debt position over the period increased to £14.5m (HY 2015: £10.9m), this has been offset by the additional arrangement fees relating to the VIC acquisition that were incurred in HY 2015.

The Group continues to operate comfortably within all banking covenants with an improved net debt to EBITDA ratio of 0.89 (HY 2015: 1.07).

#### **Taxation**

The taxation charge of £2.0m (HY 2015: £1.5m) is recognised based on the estimated weighted average annual Group effective tax rate (ETR) of 27.9% (HY 2015: 29.4%). The decrease is primarily due to the reduction in the UK corporation tax rate and the increased proportion of profits being generated in the UK and Asian countries where taxation rates are lower.

#### **Earnings per share**

Underlying diluted earnings per share increased by 23.2% to 5.05p (HY 2015: 4.10p) and basic earnings per share increased by 42.3% to 4.41p (HY 2015: 3.10p).

#### **Balance sheet, cash flow and working capital**

While the Group's profitability has increased, total shareholders' equity has decreased by £0.2m since the beginning of this financial year. This reflects a net retained profit for the period of £3.3m, offset by adverse foreign exchange differences on the translation of foreign operations of £3.5m.

Non-current assets reduced in the same timeframe by £1.5m to £47.5m. Capital expenditure in the period of £0.8m relates to the expansion of our manufacturing capacity at SFE in Taiwan and at VIC in Italy, as well as an investment in "lean-lift" technology in the UK. This has been offset by depreciation and amortisation charges around the Group.

Inventories have increased by £1.4m, reflecting increased stock levels of £1.0m to support the higher trading levels in Singapore. Receivables have remained stable at £39.5m (FY 2015: £39.9m). A £2.4m increase in the debtor position at VIC has arisen due to the decision to unwind the non-recourse factoring previously used pre acquisition. This has been offset by falls in receivables elsewhere within the Group. As a result net debtor days have increased from 72 days in FY 2015 to 79 days (HY 2015: 71 days) mainly due to the VIC de-factoring. Bad debts have continued to be minimal during the period.

Trade and other payables have reduced by £5.9m since 31 March 2015. Of this, £3.4m (€5.0m) relates to the settlement on 1 July 2015 of the final earn-out consideration for VIC. The remaining movement reflects a fall in the UK where trade and other payables have decreased by £1.8m due to the seasonality of the market causing lower purchasing requirements during the summer months.

The Group's cash balance has improved by £5.4m since 31 March 2015 to £20.9m (FY 2015: £15.5m). This increase relates to the additional funds accessed immediately prior to the 30 September 2015 and then held in trust at the balance sheet date in advance of the Kuhlmann acquisition on 1 October 2015. The initial consideration amount was €6.8m (£4.9m) (see note 9).

Net cash generated from Group operations has been affected by the movements in working capital discussed previously, leading to a cash conversion of underlying EBITDA of 46.3% (HY 2015: (4.7)%, FY 2015: 50.2%). We expect to see this position improve over the second half of the year.

The provisional values for the net assets acquired as part of the Kuhlmann acquisition total £4.0m (see note 9).

#### **Finance and banking facilities**

There has been no requirement to change the existing banking facilities that the Group has in place. However, as our current Asset Based Lending facility is due for renewal in February 2016, the Group has commenced positive dialogue with HSBC plc.

At 30 September 2015, gross debt was £37.2m (FY 2015: £28.4m) and net debt was £16.3m (FY 2015: £13.4m). The primary reason for the increase in the net position was the drawdown of €5.0m (£3.4m) from the Revolving Credit Facility to meet the VIC deferred earn-out payment on 1 July 2015. The gross debt position also reflects the €6.8m (£4.9m) initial consideration for Kuhlmann.

The net gearing ratio was 22.7% (FY 2015: 18.7%) at the period end.

#### **Dividend**

The Directors remain committed to a progressive dividend policy. To underpin the Board's confidence in the business and its future prospects, we are declaring an interim dividend of 0.80 pence per share, an increase of 33.3%. The interim dividend will be paid on 15 April 2016, to shareholders on the Register as at 18 March 2016. The shares will become ex-dividend on 17 March 2016.

#### **Kuhlmann**

On 1 October 2015, *Trifast* acquired Kuhlmann for a total consideration of €8.5m (£6.2m). The initial amount of €6.8m (£4.9m) was paid on completion in cash and €0.04m (£0.03m) was satisfied by the allotment of 29,350 ordinary shares in the Company. Consideration of €1.7m (£1.2m) will be deferred for 12 months as a retention against any potential warranty and indemnity claims. The cash consideration was met from the Company's existing bank facilities.

Germany is the fourth largest industrial fastener market globally and the biggest in Europe. Over the last five years *TR* has successfully developed its export business and last financial year sales into Germany contributed around £7.0m. To further enhance *TR*'s reputation and presence in this important market, the Board consider it strategically beneficial to establish a strong domestic distribution and logistics facility managed by local German speaking industrial fastener professionals.

Kuhlmann has a highly experienced and motivated team with excellent technical knowledge which will enable the Group to drive its core growth strategy of growing revenues into its multinational OEM base.

### **Outlook**

Looking ahead, we are pleased to report that our order pipeline across our key locations remains encouragingly healthy with continued sales growth expected primarily from Europe and the USA. However, this is being tempered by a slight softening in demand, most specifically in the UK where we are starting to see some signs of hesitation and order deferral. In the longer term, we feel comfortable that our UK core business remains strong which is firmly evidenced by the high level of sales enquiries that continue to be registered on to our enquiry portal.

In Asia we have seen substantial growth in HY 2016 reflecting increased business with certain key customers, although we see at least an element of that increase will start to reduce in the second half of the year. At PSEP, slower order levels in the automotive sector are expected to continue in the short term. On a more positive note, following the recent £1.0m capital investment programme, we anticipate our increased capacity in Malaysia will start to counteract any possible slowdown in FY 2017.

In Europe we expect organic sales to continue to grow on a CER basis. We are also very excited about the addition of Kuhlmann to our business as it adds to our footprint an important market that will have a positive impact on our future trading.

As evidenced in the period, our cost control and supply chain management is positively impacting margins and this will continue, particularly given our ongoing investment into efficiency drivers such as the “lean-lifts” we are rolling out across our UK business.

As a global business operating in a number of different territories and currencies, we are aware the ongoing volatility in the currency markets could continue to impact on our results. As discussed in our 2015 Annual Report, we will continue to monitor and manage foreign exchange risk.

Overall, taking into account the current business climate we are operating within, the Board remains optimistic about the Group’s prospects and continues to expect its trading for the financial year as a whole to be in line with its expectations. Organic growth remains only part of our strategy and we will continue to look for our next strategic acquisition to complement the Group’s existing global, product and sector footprint.

### **Risks and uncertainties**

The Directors do not consider that the principal risks and uncertainties of the Group have changed since the publication in July 2015 of the Group’s Annual Report for the year ended 31 March 2015. A copy of this can be found on our website [www.trifast.com](http://www.trifast.com).

No system can fully eliminate risk and therefore the understanding of operational risk is central to the management process within TR. The Group operates a system of internal control and risk management in order to provide assurance that we are managing risk whilst achieving our business objectives. Risk assessment reviews are regularly carried out by management, with responsibilities for monitoring and mitigating personally allocated to a broad spread of individual managers. The review is analysed and discussed at Audit Committee meetings chaired by our Senior Independent Non-Executive Director.

As with all businesses, the Group faces risks, with some not wholly within its control, which could have a material impact on the Group, and may affect its performance with actual results becoming materially different from both forecast and historic results. There are indications that the macroeconomic climate is still under pressure, so it is too soon in Management’s opinion to assume the worst is reliably over, and so we continue to remain vigilant for any indications of a reversal that could adversely impact expected results going forward. Past and future acquisitions can also carry impairment risks on goodwill should there be a sustained downturn in trading within an acquired subsidiary.

The long-term success of the Group depends on the ongoing review, assessment and control of the key business risks it faces.

### **Trifast plc — responsibility statement**

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:
  - a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

**Malcolm Diamond** MBE

Executive Chairman

9 November 2015

### **Condensed consolidated interim income statement**

Unaudited results for the six months ended 30 September 2015

	Notes	Six months ended	Six months ended	Year ended
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	30 September 2015 £000	30 September 2014 £000	31 March 2015 £000
<b>Continuing operations</b>			
Revenue	78,142	74,033	154,741
Cost of sales	(55,260)	(52,575)	(109,866)
<b>Gross profit</b>	<b>22,882</b>	<b>21,458</b>	<b>44,875</b>
Operating income	169	165	352
Distribution expenses	(1,717)	(1,490)	(3,108)
Administrative expenses before separately disclosed items	2 (12,690)	(13,059)	(26,845)
Net acquisition costs	(252)	(1,200)	(750)
Intangible amortisation	(302)	(238)	(551)
Cost on exercise of executive share options	—	(228)	(511)
Release of closure provision for <i>TR Formac</i> (Suzhou) Co. Ltd	—	—	94
IFRS 2 charge	(608)	(22)	(741)
Total administrative expenses	(13,852)	(14,747)	(29,304)
<b>Operating profit</b>	<b>7,482</b>	<b>5,386</b>	<b>12,815</b>
Financial income	28	56	97
Financial expenses	(401)	(503)	(1,063)
<b>Net financing costs</b>	<b>(373)</b>	<b>(447)</b>	<b>(966)</b>
Profit before tax	7,109	4,939	11,849
Taxation	4 (1,984)	(1,453)	(3,455)
<b>Profit for the period</b> (attributable to equity shareholders of the parent company)	<b>5,125</b>	<b>3,486</b>	<b>8,394</b>
<b>Earnings per share</b>			
Basic	6 4.41p	3.10p	7.39p
Diluted	6 4.27p	2.97p	7.07p

#### Condensed consolidated interim statement of comprehensive income

Unaudited results for the six months ended 30 September 2015

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000	Year ended 31 March 2015 £000
<b>Profit for the period</b>	<b>5,125</b>	<b>3,486</b>	<b>8,394</b>
Other comprehensive income/(expense):			
Exchange differences on translation of foreign operations	(3,201)	(349)	(2,726)
Net (loss)/gain on hedge of net investment in foreign subsidiary	(302)	857	2,180
<b>Other comprehensive (expense)/income recognised directly in equity, net of income tax</b>	<b>(3,503)</b>	<b>508</b>	<b>(546)</b>
<b>Total comprehensive income recognised for the period</b> (attributable to equity shareholders of the parent company)	<b>1,622</b>	<b>3,994</b>	<b>7,848</b>

#### Condensed consolidated interim statement of changes in equity

Unaudited results for the six months ended 30 September 2015

Unaudited results for the six months ended 30 September 2015	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
<b>Balance at 1 April 2015</b>	<b>5,809</b>	<b>20,978</b>	<b>6,342</b>	<b>38,551</b>	<b>71,680</b>
Total comprehensive income for the period:					
Profit for the period	—	—	—	5,125	5,125
Other comprehensive expense:					
Foreign currency translation differences	—	—	(3,201)	—	(3,201)
Net loss on hedge of net investment in foreign subsidiary	—	—	(302)	—	(302)
<b>Total other comprehensive expense</b>	<b>—</b>	<b>—</b>	<b>(3,503)</b>	<b>—</b>	<b>(3,503)</b>
<b>Total comprehensive (expense)/income for the period</b>	<b>—</b>	<b>—</b>	<b>(3,503)</b>	<b>5,125</b>	<b>1,622</b>
Transactions with owners, recorded directly in equity:					
Issue of share capital	1	5	—	—	6
Share based payment transactions (including tax)	—	—	—	650	650
Dividends	—	—	—	(2,440)	(2,440)
<b>Total transactions with owners</b>	<b>1</b>	<b>5</b>	<b>—</b>	<b>(1,790)</b>	<b>(1,784)</b>

<b>Balance at 30 September 2015</b>	<b>5,810</b>	<b>20,983</b>	<b>2,839</b>	<b>41,886</b>	<b>71,518</b>
Unaudited results for the six months ended 30 September 2014	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
<b>Balance at 1 April 2014</b>	5,435	18,488	6,888	30,856	61,667
Total comprehensive income for the period:					
Profit for the period	—	—	—	3,486	3,486
Other comprehensive (expense)/income:					
Foreign currency translation differences	—	—	(349)	—	(349)
Net gain on hedge of net investment in foreign subsidiary	—	—	857	—	857
<b>Total other comprehensive income</b>	—	—	508	—	508
<b>Total comprehensive income for the period</b>	—	—	508	3,486	3,994
Transactions with owners, recorded directly in equity:					
Issue of share capital	240	2,316	—	—	2,556
Share based payment transactions (including tax)	—	—	—	—	—
Dividends	—	—	—	(1,568)	(1,568)
<b>Total transactions with owners</b>	240	2,316	—	(1,568)	988
<b>Balance at 30 September 2014</b>	5,675	20,804	7,396	32,774	66,649

### Condensed consolidated interim statement of financial position

Unaudited results for the six months ended 30 September 2015

Group	Notes	30 September 2015 £000	30 September 2014 £000	31 March 2015 £000
<b>Non-current assets</b>				
Property, plant and equipment		14,752	15,655	15,623
Intangible assets		31,306	31,883	32,162
Deferred tax assets		1,485	1,257	1,272
<b>Total non-current assets</b>		<b>47,543</b>	<b>48,795</b>	<b>49,057</b>
<b>Current assets</b>				
Inventories		38,796	39,285	37,418
Trade and other receivables		39,503	35,532	39,864
Cash and cash equivalents	7	20,889	13,596	15,453
<b>Total current assets</b>		<b>99,188</b>	<b>88,413</b>	<b>92,735</b>
<b>Total assets</b>		<b>146,731</b>	<b>137,208</b>	<b>141,792</b>
<b>Current liabilities</b>				
Bank overdraft	7	1	47	439
Other interest-bearing loans and borrowings	7	20,268	11,691	11,906
Trade and other payables		28,587	33,277	34,482
Tax payable		3,138	2,256	1,927
Dividends payable	5	1,743	1,134	—
Provisions		222	—	298
<b>Total current liabilities</b>		<b>53,959</b>	<b>48,405</b>	<b>49,052</b>
<b>Non-current liabilities</b>				
Other interest-bearing loans and borrowings	7	16,882	19,389	16,523
Provisions		883	1,100	885
Deferred tax liabilities		3,489	1,665	3,652
<b>Total non-current liabilities</b>		<b>21,254</b>	<b>22,154</b>	<b>21,060</b>
<b>Total liabilities</b>		<b>75,213</b>	<b>70,559</b>	<b>70,112</b>
<b>Net assets</b>		<b>71,518</b>	<b>66,649</b>	<b>71,680</b>
<b>Equity</b>				
Share capital		5,810	5,675	5,809
Share premium		20,983	20,804	20,978
Reserves		2,839	7,396	6,342
Retained earnings		41,886	32,774	38,551
<b>Total equity</b>		<b>71,518</b>	<b>66,649</b>	<b>71,680</b>

### Condensed consolidated interim statement of cash flows

Unaudited results for the six months ended 30 September 2015

Group	Notes	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000	Year ended 31 March 2015 £000
<b>Cash flows from operating activities</b>				
Profit for the period		5,125	3,486	8,394
Adjustments for:				
Depreciation, amortisation & impairment		952	820	1,768
Unrealised foreign currency (gain)/loss		(648)	—	111
Financial income		(28)	(56)	(97)
Financial expense		401	503	1,063
Gain on sale of property, plant & equipment and investments		(2)	(14)	(3)
Equity settled share based payment charge		608	22	741
Taxation charge		1,984	1,453	3,455
<b>Operating cash inflow before changes in working capital and provisions</b>		<b>8,392</b>	<b>6,214</b>	<b>15,432</b>
Change in trade and other receivables		(1,077)	(3,700)	(9,187)
Change in inventories		(2,300)	(3,059)	(1,679)
Change in trade and other payables		(708)	148	2,080
Change in provisions		(2)	37	121
<b>Net cash generated from/(used in) operations</b>		<b>4,305</b>	<b>(360)</b>	<b>6,767</b>
Tax paid		(931)	(2,546)	(4,639)
<b>Net cash generated from/(used in) operating activities</b>		<b>3,374</b>	<b>(2,906)</b>	<b>2,128</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant & equipment		15	16	25
Interest received		43	56	97
Acquisition of subsidiary, net of cash acquired		(3,361)	(18,610)	(16,240)
Acquisition of property, plant & equipment		(769)	(456)	(1,414)
<b>Net cash used in investing activities</b>		<b>(4,072)</b>	<b>(18,994)</b>	<b>(17,532)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital		6	2,556	494
Proceeds from new loan		10,496	20,337	20,337
Repayment of borrowings		(2,129)	(1,955)	(3,347)
(Payment)/purchase of finance lease liabilities		(13)	38	31
Dividends paid		(697)	(434)	(1,569)
Interest paid		(429)	(503)	(1,063)
<b>Net cash generated from financing activities</b>		<b>7,234</b>	<b>20,039</b>	<b>14,883</b>
Net change in cash and cash equivalents		6,536	(1,861)	(521)
Cash and cash equivalents at 1 April		15,014	15,504	15,504
Effect of exchange rate fluctuations on cash held		(662)	(94)	31
<b>Cash and cash equivalents at end of period</b>	7	<b>20,888</b>	<b>13,549</b>	<b>15,014</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Unaudited results for the six months ended 30 September 2015

### 1. Basis of preparation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies set out in the full Annual Report and Accounts for the year ended 31 March 2015.

There are no new standards effective for the first time in the current financial period with significant impact on the Group's consolidated results or financial position.

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and International Financial Reporting Standard (IFRS) IAS 34: Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2015. The annual financial statements of the Group are prepared in accordance with International Reporting Standards (IFRSs) as adopted by the EU.

This statement does not comprise full financial statements within the meaning of Section 495 and 496 of the Companies Act 2006. The statement is unaudited but has been reviewed by KPMG LLP and their Report is set out on page 17.

The comparative figures for the financial year ended 31 March 2015 are not the Company's statutory accounts for that financial year and have been extracted from the full Annual Report and Accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The Report of the Auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their Report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.



## Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the accompanying half-yearly financial report from the Executive Chairman, Chief Executive Officer and Chief Financial Officer. The financial position of the Company, its cash flows, liquidity position and borrowing facilities also are described in the same report. In addition, note 26 to the Company's previously published financial statements for the year ended 31 March 2015 include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

These condensed consolidated interim financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

## Estimates

The preparation of financial statements in conformity with IFRSs requires management to make estimates, judgements and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions take account of the circumstances and facts at the period end, historical experience of similar situations and other factors that are believed to be reasonable and relevant, the results for which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may ultimately differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were in the same areas as those that applied to the consolidated financial statements as at and for the year ended 31 March 2015. These were as follows:

- Recoverable amount of goodwill
- Provisions
- Inventory valuation
- Valuation of intangible assets acquired in a business combination

## 2. Underlying pre-tax profit (before separately disclosed items)

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000	Year ended 31 March 2015 £000
<b>Underling pre-tax profit</b>	<b>8,271</b>	<b>6,627</b>	<b>14,308</b>
Separately disclosed items within administration expenses:			
Net acquisition costs	(252)	(1,200)	(750)
Intangible amortisation	(302)	(238)	(551)
Cost on exercise of executive share options	—	(228)	(511)
Release of closure provision for <i>TR Formac</i> (Suzhou) Co. Ltd	—	—	94
IFRS 2 share based payment charge	(608)	(22)	(741)
<b>Profit before tax</b>	<b>7,109</b>	<b>4,939</b>	<b>11,849</b>

## 3. Geographical operating segments

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

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

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

Segment revenue and results under the primary reporting format for the six months ended 30 September 2015 and 2014 are disclosed in the table below:

	UK £000	Europe £000	USA £000	Asia £000	Central costs, assets and liabilities £000	Total £000
<b>September 2015</b>						
<b>Revenue*</b>						
Revenue from external customers	32,054	23,998	2,332	19,758	—	78,142
Inter segment revenue	1,093	159	63	3,079	—	4,394
<b>Total revenue</b>	<b>33,147</b>	<b>24,157</b>	<b>2,395</b>	<b>22,837</b>	<b>—</b>	<b>82,536</b>
<b>Underlying operating result</b>	<b>3,239</b>	<b>2,921</b>	<b>247</b>	<b>3,764</b>	<b>(1,527)</b>	<b>8,644</b>
Net financing costs	(143)	(56)	(1)	(20)	(153)	(373)

<b>Underlying segment result</b>	<b>3,096</b>	<b>2,865</b>	<b>246</b>	<b>3,744</b>	<b>(1,680)</b>	<b>8,271</b>
Separately disclosed items (see note 2)						<b>(1,162)</b>
<b>Profit before tax</b>						<b>7,109</b>
<b>Specific disclosure items</b>						
Depreciation and amortisation	<b>106</b>	<b>395</b>	<b>10</b>	<b>409</b>	<b>32</b>	<b>952</b>
<b>Assets and liabilities</b>						
Segment assets	<b>39,944</b>	<b>33,877</b>	<b>2,309</b>	<b>45,970</b>	<b>24,631</b>	<b>146,731</b>
Segment liabilities	<b>(21,902)</b>	<b>(9,952)</b>	<b>(332)</b>	<b>(9,606)</b>	<b>(33,421)</b>	<b>(75,213)</b>

September 2014	UK £000	Europe £000	USA £000	Asia £000	Central costs, assets and liabilities £000	Total £000
<b>Revenue*</b>						
Revenue from external customers	31,989	21,171	1,903	18,970	—	74,033
Inter segment revenue	929	184	25	2,868	—	4,006
Total revenue	32,918	21,355	1,928	21,838	—	78,039
<b>Underlying operating result</b>	2,920	2,877	193	2,661	(1,577)	7,074
Net financing costs	(147)	(46)	(1)	(38)	(215)	(447)
<b>Underlying segment result</b>	2,773	2,831	192	2,623	(1,792)	6,627
Separately disclosed items (see note 2)						<b>(1,688)</b>
<b>Profit before tax</b>						<b>4,939</b>
<b>Specific disclosure items</b>						
Depreciation and amortisation	79	74	7	426	234	820
<b>Assets and liabilities</b>						
Segment assets	38,016	29,768	1,728	47,148	20,548	137,208
Segment liabilities	(22,616)	(9,159)	(300)	(11,081)	(27,403)	(70,559)

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

#### 4. Taxation

	<b>Six months ended 30 September 2015 £000</b>	Six months ended 30 September 2014 £000	Year ended 31 March 2015 £000
Current tax on income for the period			
UK tax	<b>616</b>	(69)	580
Foreign tax	<b>1,636</b>	1,562	3,223
Deferred tax expense	<b>(285)</b>	(50)	(473)
Adjustments in respect of prior years	<b>17</b>	10	125
	<b>1,984</b>	1,453	3,455

#### 5. Dividend

The dividend payable of £1.7m represents the final dividend recommended for the year ended 31 March 2015, approved by shareholders at the AGM on 16 September 2015 and paid to shareholders on the Register on 13 October 2015.

#### 6. Earnings per share

The calculation of earnings per 5 pence ordinary share is based on profit for the period after taxation and the weighted average number of shares in the period of 116,198,101 (HY2015: 113,495,406; FY2015: 113,540,187).

The calculation of the fully diluted earnings per 5 pence ordinary share is based on profit for the period after taxation. In accordance with IAS 33 the weighted average number of shares in the period has been adjusted to take account of the effects of all dilutive potential ordinary shares. The number of shares used in the calculation amount to 119,967,521 (HY2015: 117,436,525; FY2015: 118,768,522).

The underlying diluted earnings per share, which in the Directors' opinion best reflects the underlying performance of the Group, is detailed below:

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000	Year ended 31 March 2015 £000
Profit after tax for the period	5,125	3,486	8,394
Net acquisition costs	252	1,200	750
Intangible amortisation	302	238	551
Costs on exercise of executive share options	—	228	511
Release of closure provision for <i>TR Formac</i> (Suzhou) Co. Ltd	—	—	(94)
IFRS 2 share based payment charge	608	22	741
Tax adjustment	(232)	(354)	(541)
Underlying profit after tax	6,055	4,820	10,312
Basic EPS	4.41p	3.10p	7.39p
Diluted EPS	4.27p	2.97p	7.07p
Underlying diluted EPS	5.05p	4.10p	8.68p

## 7. Analysis of net debt

	At 30 September 2015 £000	At 30 September 2014 £000	At 31 March 2015 £000
Cash and cash equivalents	20,889	13,596	15,453
Bank overdraft	(1)	(47)	(439)
<b>Net cash and cash equivalents</b>	<b>20,888</b>	<b>13,549</b>	<b>15,014</b>
Debt due within one year	(20,268)	(11,691)	(11,906)
Debt due after one year	(16,882)	(19,389)	(16,523)
Gross debt	(37,150)	(31,080)	(28,429)
<b>Net debt</b>	<b>(16,262)</b>	<b>(17,531)</b>	<b>(13,415)</b>

## 8. Reconciliation of net cash flow to movement in net debt

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000	Year ended 31 March 2015 £000
Net increase/(decrease) in cash and cash equivalents	6,536	(1,861)	(521)
Net increase in borrowings	(8,354)	(18,420)	(17,021)
	(1,818)	(20,281)	(17,542)
Exchange rate differences	(1,029)	720	2,097
Movement in net debt	(2,847)	(19,561)	(15,445)
Opening net (debt)/cash	(13,415)	2,030	2,030
Closing net debt	(16,262)	(17,531)	(13,415)

## 9. Subsequent event — Acquisition of Kuhlmann Befestigungselemente GmbH & Co. KG ('Kuhlmann')

On 1 October 2015, *Trifast* acquired Kuhlmann for a total consideration of €8.5m (£6.2m). The initial amount of €6.8m (£4.9m) was paid on completion in cash and €0.04m (£0.03m) was satisfied by the allotment of 29,350 ordinary shares in the Company. Consideration of €1.7m (£1.2m) will be deferred for 12 months and is to serve as a retention against which any potential warranty and indemnity claims will be offset. The cash consideration will be met from the Company's existing bank facilities.

*Trifast* will be investing into Kuhlmann to further develop the opportunities in the German market and expect the acquisition of Kuhlmann to be earnings enhancing in the first full year of ownership.

Based in Verl, close to Bielefeld, Germany, Kuhlmann was founded in 1996 and employs 18 staff. It is a well-respected highly efficient distributor of industrial fastenings within the domestic German market. Its emphasis is on delivering high quality products and services to its well-established longstanding customer base in the principal sectors of machinery and plant engineering, sheet metal processing and industrial. Kuhlmann's management team and previous owners, Frank Niggebrügge, Eric Hütter and Peter Henning, will continue to run the business with the support of the operational management team and staff who will remain within the business.

For the year ended 31 December 2014, Kuhlmann reported revenue of €6.7m (£5.4m) and profit before tax of €1.7m (£1.4m). Gross assets at the same date were €1.4m (£1.1m).

As the acquisition completed so close to the 30 September 2015, the values disclosed below are all considered provisional and are given for information purposes only. Prior to consolidation in to the Group numbers, all amounts will be subject to a full fair value assessment as part of the completion accounts process. Updated consolidated values will be disclosed in the Report and Accounts for 31 March 2016.

## 9. Subsequent event — Acquisition of Kuhlmann Befestigungselemente GmbH & Co. KG ('Kuhlmann') (continued)

	Provisional values on acquisition £000
<b>Effect of Acquisition</b>	
Property, plant and equipment	176
Intangible assets	3,651
Inventory	463
Trade and other receivables	420
Cash and cash equivalents	583
Trade and other payables	(297)
Deferred tax liabilities	(1,011)
Net identifiable assets and liabilities	3,985
Consideration paid:	
Initial cash price paid	4,897
Deferred consideration at fair value	1,232
Equity instruments issued	31
Total consideration	6,160
Goodwill on acquisition	2,175

Intangible assets that arose on the acquisition include the following:

- £3.3m of customer relationships, with an amortisation period deemed to be ten years
- £0.4m of other intangibles, with an amortisation period deemed to be under one year

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

### Effect of Acquisition

The Group estimates that it will incur costs of £0.3m in relation to the acquisition of Kuhlmann. These estimated costs have been included as separately disclosed items in administrative expenses in the Group's consolidated statement of comprehensive income.

## INDEPENDENT REVIEW REPORT BY KPMG LLP TO TRIFAST PLC

### Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 which comprises the consolidated income statement, the consolidated statement of comprehensive Income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

### Our responsibility

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

### Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

## Derek McAllan

for and on behalf of KPMG LLP  
Chartered Accountants  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT  
9 November 2015

## Electronic Communications

The Company is not proposing to bulk print and distribute hard copies of this half-yearly financial report for the six months ended 30 September 2015 unless specifically requested by individual shareholders. News updates, Regulatory News, and Financial statements, can be viewed and downloaded from the Group's website, [www.trifast.com](http://www.trifast.com). Copies can also be requested via [corporate.enquiries@trifast.com](mailto:corporate.enquiries@trifast.com), in writing to, The Company Secretary, Trifast plc, Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

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## About Trifast plc

The Company is quoted on the London Stock Exchange (LSE Premium Listing: Ticker: TRI)  
Group website: [www.trifast.com](http://www.trifast.com)

Trifast's trading business TR Fastenings is a leading international manufacturer (33% of sales) and distributor (67% of sales) of industrial fastenings to the assembly industries, with operations in Europe, the Americas and Asia supplying both distributors and OEMs. TR has over 5,000 customers and has attained 'preferred supplier status' with over 40 global OEM customers.

Group sales derive from industrial sectors: Automotive (32%), Electronics (17%) Domestic appliances (23%) Distributors (9%) with the remaining 19% from a combination of other sectors.

TR is well established and respected in the industry; built from one office in East Sussex, England in 1973 employing five people, today TR is an international business employing over 1100 staff in 17 countries; it operates through 26 business locations within Asia, North America and Europe and offers manufacturing and logistics capabilities serving over 50 countries 24/7. The TR business has strong leadership, experienced and motivated people throughout the business.

For more information, please visit [www.trfastenings.com](http://www.trfastenings.com): LinkedIn: [www.linkedin.com/company/tr-fastenings](http://www.linkedin.com/company/tr-fastenings):  
Facebook: [www.facebook.com/trfastenings](http://www.facebook.com/trfastenings) Twitter: [www.twitter.com/trfastenings](http://www.twitter.com/trfastenings)