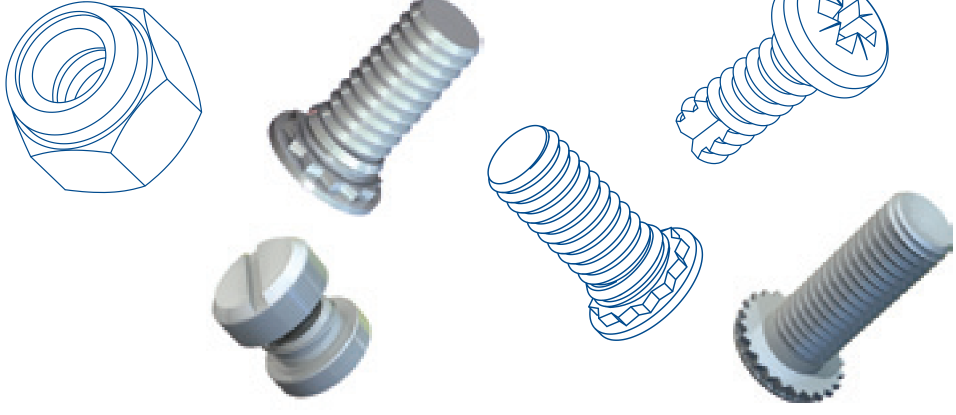
Trifast plc

Annual Report 2011

CLEAR STRATEGY

FUTURE FOCUSED

PRECISION COMPONENTS - GLOBAL COVERAGE - 24HR SUPPORT



Trifast plc

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Bellbrook Park, Uckfield
East Sussex, TN22 1QW
United Kingdom
Tel: +44 (0)1825 747200

Dear Shareholder,

Report for the year ended March 2011

I am pleased to reassure you that Trifast has made significant progress in regaining profitability since my last letter to you a year ago. In simple terms, we have implemented 75% of our strategic objectives at this time, and we believe that we are well on our way to achieving our trading profit aspirations, which in turn will hopefully lead to the restoration of a dividend payable in 2012.

When Jim Barker and I returned in March 2009 we indicated to you that we hoped to restore Trifast to acceptable levels of performance within three years, which currently looks to be right on track two years into the process. Indeed, having over achieved against our Group sales target for the year, we are now re-examining certain individual high volume products within a small number of long term contracts where foreign exchange losses and raw material price increases require selling price uplifts, thus focusing our sales teams more on margin maximisation, especially when pricing new contracts going forward.

The turnaround of our UK businesses from a £0.5 million underlying operating loss in the previous year to an underlying £2.5 million operating profit has been a fundamental requirement, and the exemplary performance of our Lancaster Fastener Company has served as the base business model for the launch of our new next-day delivery capability, TR Direct, aimed at smaller industrial users of standard fasteners around the UK.

We are increasing our sales reach within the USA, India, Thailand and China and opening up representation in Vietnam and Indonesia. We are now examining the resources needed in the near future to enable the Brazilian and Mexican markets to provide more opportunities for business.

Our performance in Asia endorses the fact that the Global recession permanently reduced manufacturing capacity for fasteners in the region, which leaves us to plan for further expansion of our own facilities as soon as is practicable.

Once again, we gratefully acknowledge your trust and support as a Trifast shareholder, which we will endeavour to reward in future as our profitability still has a way to go in order to satisfy our expectations.

I look forward to reporting on our progress again, until then,

Kind regards,

Yours sincerely

Malcolm Diamond MBE

Executive Chairman

ISO 9001 : 2008
FM00079

INVESTOR IN PEOPLE

PRECISION
FASTENINGS

OPERATIONS
WORLDWIDE

Contents

WHAT WE DO

"Trifast trades predominantly under the brand 'TR Fastenings' manufacturing and distributing both standard and specialist industrial fasteners for high volume assembly on a Global basis"

TR Fastenings

Performance and Strategy

Inside Trifast

Governance

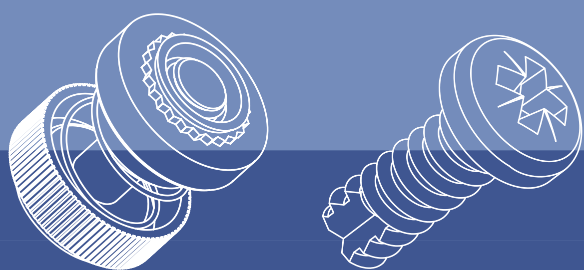
Financials

CLEAR STRATEGY
FUTURE FOCUSED

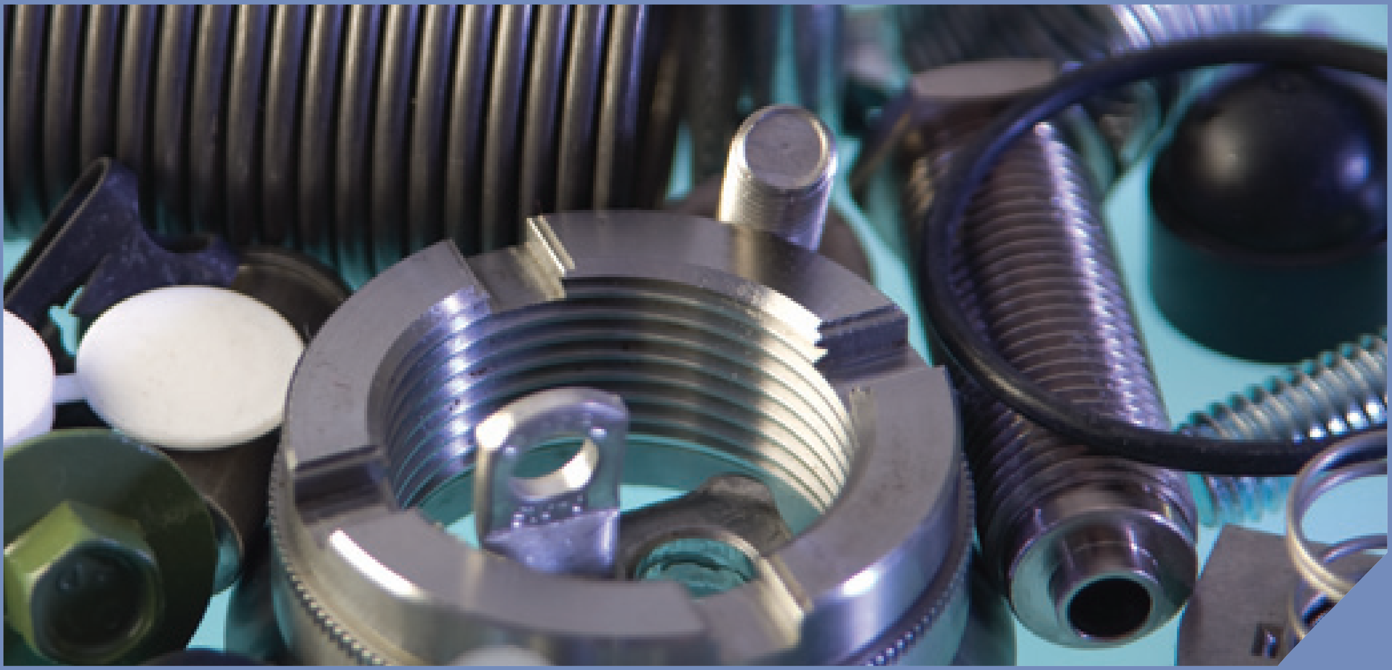
Performance and Strategy

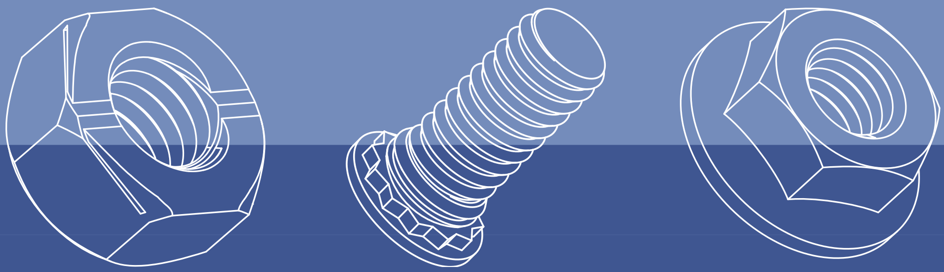
KEY POINTS

- **Sales led focus yielding the desired outcome geographically:**
  – Asia continued to grow and provides firm foundation
  – UK this year's star performer, £3 million swing into profitability
  – US/Mainland Europe improved to break-even
- **Key metrics:**
  – Gross margin improved to 25.2% (2010: 24.4%)
  – EBITDA margin up to 5.0% (2010: 2.5%)
  – ROCE 8.7% (2010: 2.4%)
- **Firm foundations in place**
  – TR Direct (day to day UK Transactional sales)
  – Investment in 'Automotive Centre of Excellence' in Holland
  – Global sales strategy – increasing representation in China, India, USA and UK
- **Encouraging start to the new fiscal year**



Trifast plc





Questions and Answers **online@ www.trifast.com**

04 Phase 2 – Delivered

PHASE 1 — COMPLETED 2009/10 ☑

- Create three distinct business divisions: ☑
  – Branded products (Global)
  – Transactional & supply chain sales (Global)
  – Manufacturing & "factory to factory" (Asia)
- Re-establish global sales team & target > £500k pa (product spend) multinationals ☑

  IN PLACE: multiple wins secured after none for two years
- Major trading alliances being developed with same sector players ☑ ON-GOING
- India, Vietnam and China to receive major sales focus ☑

  DONE with on-going support from Singapore
- Category 'C' items to be sourced through our Chinese office ☑ ON-GOING
- UK sales structure now directly linked to the two regional business hubs

  Operational efficiencies to be yielded going forward

To watch our
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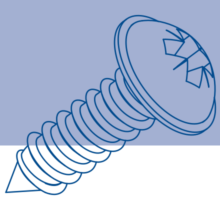
PHASE 2 — TARGETS

- **Broadening skills of both Management Board and Senior Management**
- **Retaining key skills**
- **Championing transactional sales**
- **Driving operational efficiencies**
- **Move to centralise vendor management, purchasing & sourcing**
- **Group marketing and IT initiatives to support TR**
- **Debt management**
- **Look to re-introduce dividend payments**



Route to delivering shareholder value

STATUS DURING 2010/11

- Completed ✓
- Introduction of effective performance review system linked to corporate goals and objectives, investment in training and continuous improvement ✓ IMPLEMENTED ON-GOING INITIATIVE
- Launch of TR Direct post year-end (April 2011) ✓ ON-GOING
- Total Quality Management (TQM) reviews completed across the whole business and remain ongoing ✓
- Automotive 'Centre of Excellence' established in Holland ✓
- Warehousing and operations integration completed ✓
- Investment in Asia to support growth ✓
- Implemented policy, now a dedicated Director responsible for delivering objectives (see Business Review) ✓ ON-GOING
- Global marketing strategy re-launched ✓ ON-GOING
  – Continuous development of 'Brand TR' both in traditional and digital marketing platforms through:-
    – Corporate identity programmes
    – Multi-lingual literature
    – Exhibitions
    – Social media
- IT Initiatives ✓ ON-GOING
  – New software applications for refining supply chain management and stock profiling
- Key focus remains on cash flow and working capital ✓ ON-GOING
- Year end debt level reflects growth in our business from both new and existing business contract gains and transactional stock. (See Business Review)
- To be addressed in the coming year

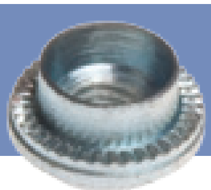
PHASE 3 FORWARD OBJECTIVES

- Restoration of Group remuneration policy after three year pay freeze ✓ EFFECTIVE APRIL 2011
- Selective turnover growth
  – Leverage Global sales force (China and USA)
  – Further develop key market sectors (automotive and electronics for example)
  – Continue to push on profitable niches
  – Branded Products
  – TR Direct (transactional)
- Gross margin improvement
  – Correct pricing of contracts
  – Efficient sourcing (purchase & sales)
  – Operational efficiencies
- Continued control of overheads and working capital
  – Stock
  – Debtors
  – Capex
- EBITDA target of 8% by 2012/13
- Group marketing

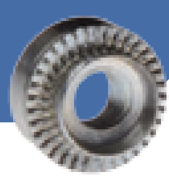
  Continuous development of 'Brand TR' both in traditional and digital marketing platforms to support the global network
- Investment in people
  – Dedicated staff HR IT system being rolled out
  – Staff Development & Training programmes
  – Development of 'Succession' planning for key personnel across the network
  – Add value through online resource and professional and technical support 24/7

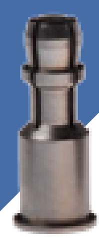
  Retaining key skills through targeted programmes

  Succession planning module review underway by the Board



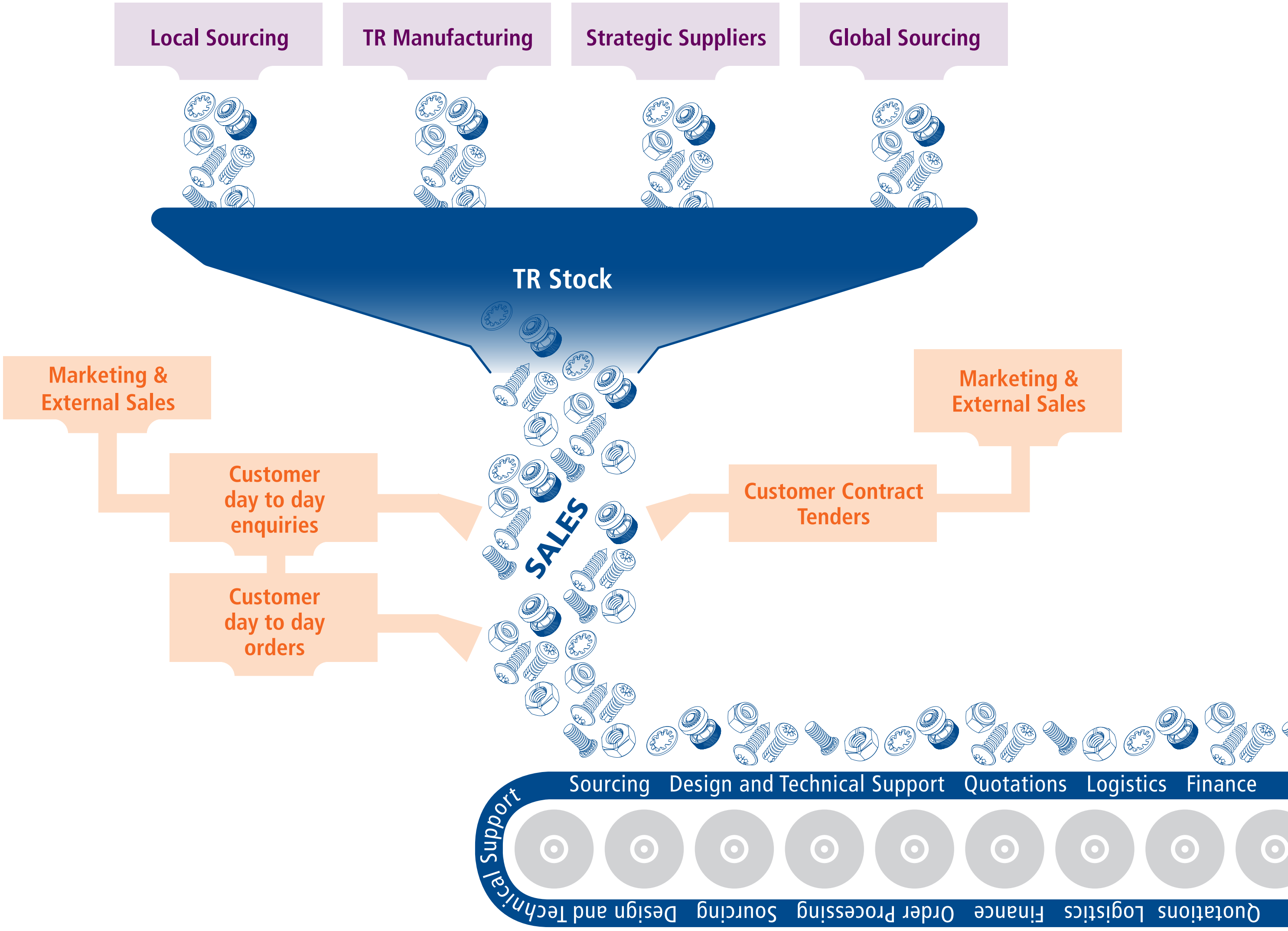
Building from a firm foundation





06 Our Business Model

"We are very successful at winning and most importantly – keeping our customers. Our business model is key to generating value and providing returns to our shareholders"



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OUR USPs

WHAT MAKES US UNIQUE IN OUR MARKETPLACE?

> Global service capability to multinational customers

> Low cost own manufacturing in Singapore, Malaysia, Taiwan and China

> Customer support staff and total logistics resources in North and South America, Europe and Asia

> Design and applications engineering specialists support over three Continents

Key Market Sectors:


Automotive


Electronics


Medical Equipment


Domestic Appliances


Telecoms


Third Parties

Business Review

Joint Statement – Malcolm Diamond, Executive Chairman and Jim Barker, Chief Executive

Introduction

March 2011 provided us with an important milestone by recording the highest monthly invoice revenue since early 2008, a good fillip to the end of the year.

We indicated in our Business Review last year, that having instigated a substantial and sustained programme of sales revenue recovery, we needed to then address the major margin and efficiency opportunities that could be gained from our pricing policy, and from reviewing and potentially refining our supply chain and vendor base. As this is such a major undertaking over a prolonged period, incorporating over 2,000 vendors, this element of our "Rebuild" strategy, as stakeholders will appreciate, will take more time to deliver the required results; however, we are confident that tangible margin and indirect cost improvements will become increasingly yielded in the new financial year ending March 2012.

Foreign exchange variations, freight and raw material cost inflation are the enemies of long-term contracts; consequently we are determined to minimise our margin erosion risk on both current and anticipated contracts by ensuring that a reasonable element of cost contingency is factored into our pricing going forward.

Despite the on-going economic nervousness, we have accepted that the "Buyers' Market" syndrome has to be tamed with commercial reality, inasmuch that most industrial buyers have seen their best days of lowest price.

We are delighted to confirm that this year's improved performance enabled us to provide a modest cost of living increase to all our European staff from April 2011 onwards, thus breaking what has been almost a three year pay freeze.

". . . and now it's about the Margin"

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10 Business Review
continued

"Looking forward, we can now afford to concentrate on quality of earnings"

The year under review has clearly demonstrated the benefits of concentrating our efforts on driving up our top line sales performance. This is evidenced over the last year by the 23% Group uplift in revenue. Whilst TR Asia once again achieved solid and profitable growth, the star performer in the year was the UK. Alongside this, revenue enhancement combined with stable overheads moved our Mainland European and USA operations over the year from loss making to break-even.

Looking forward, we can now afford to concentrate on quality of earnings by examining how we can mitigate inflation within our cost modelling and subsequent pricing policy, and by leveraging our enhanced purchasing power with a reduced number of key vendors.

The Board is monitoring progress on margin improvement initiatives on a monthly basis. Seamus Murphy (Operations Director) will also be reviewing Systems and Logistics process improvements, and Geoff Budd (Commercial Director) providing tactical support on the sourcing and pricing of high volume/high specification customised components.

Glenda Roberts (Group Sales Director) is reviewing our pricing on longer term contracts whilst Roberto Bianchi, the Director responsible for leading our supply chain and vendor development initiative, now reports progress to the Board on a monthly basis.

In order to maximise commercial opportunities that arise on a daily basis, all incoming customer enquiries from Europe and the USA that exceed £5,000 in value are recorded via our professionally supervised 'Central Enquiry Portal'. From this point, these enquiries are subsequently assessed by individual members of the Senior Management Team in order to advise and give direction on technical, commercial and sourcing issues back to the relevant individual business teams prior to them committing to a quotation.

This approach has introduced a more commercially and technically consistent control on how quotations are managed amongst the 15 individual TR business teams spread across Europe and the USA, and reduces a major risk in errors that could be caused by decisions being made at too junior or inexperienced a level.

UK Transactional Sales to end users have continued their double digit growth at margins that contribute materially to the requirement to improve our targeted levels of EBITDA. As a result, we have invested heavily in broadening out our ex-stock availability from around 1,600 products to over 4,000, and in April 2011 re-branded this increasingly important business to **TR Direct**.

An outstanding performer this year has been our **Lancaster Fastener** subsidiary. Based in North-West England, through its extensive catalogue product range it services UK and overseas distributors on a next day-delivery basis. It is the long established success of Lancaster's business model, with its above average return on sales that has inspired us to develop **TR Direct** in order to provide next-day delivery to end users by closely managing predictable stock availability, along with high and consistent quality standards.

"Whilst TR Asia once again achieved solid and profitable growth, the star performer in the year was the UK"

Business Review
continued

Our **Branded Products** team selling fasteners for sheet metal and plastics mainly to UK and European distributors has also, in a highly competitive sector, achieved double digit growth at above Group average gross profit margin. A combination of effective marketing, dedicated Customer Service, technical support and the flexibility provided by our own manufacturing facilities in Singapore have sustained this division's dynamics.

The strategic and profit benefits of our **Asian manufacturing** units in Singapore, Malaysia, Taiwan and China continue to encourage us, and so motivate both the Board and our Asian Management team to seek additional opportunities for growth and capital investment. We are also broadening our geographic reach on distribution through having established a small team in India, direct representation via an office in Thailand, and representation in Vietnam during the year. Our distribution business in Shanghai is also receiving additional investment in sales personnel and automated inspection equipment in order to support and sustain our international and local domestic growth impetus.

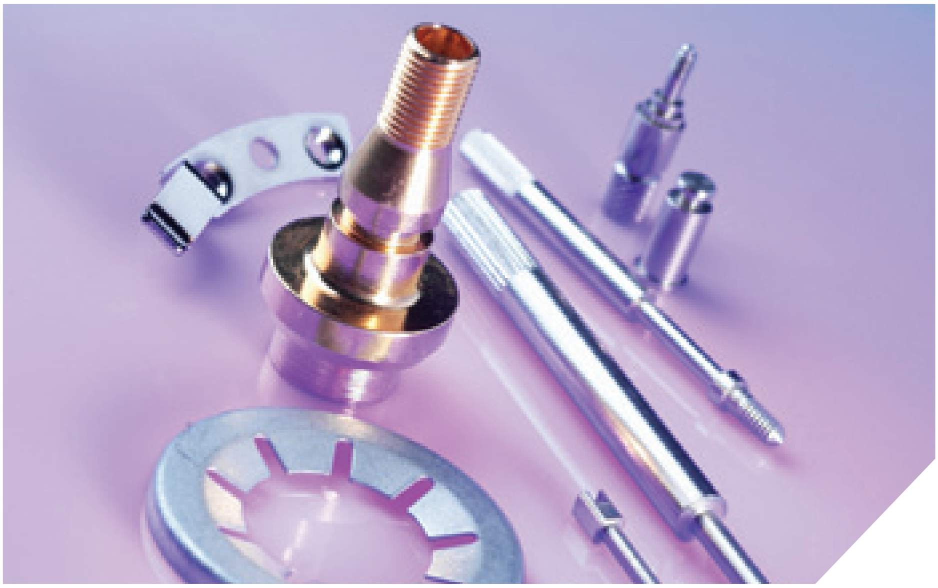
Due to the highly specialised and technical demands of the Automotive sector, we established **TR Holland**, with its experienced team and geographic location, as our ***'Automotive Centre of Excellence'***. The benefits of this decision are expected to start feeding through during the coming financial year.

The improving performance of the Group has now released some sales resource from Europe to support our targeted revival of revenue from US multinationals headquartered in North America. Over the last two years, **TR Fastenings Inc.** has steadily been recovering momentum by growing **Branded Products** sales to distributors but in that time has lacked the specialist personnel to develop US based electronics manufacturers with whom much of the global sourcing decisions are made. This vital missing link is now being addressed under the direct supervision of our Group Sales Director with the aim of achieving sustainable and consistent monthly trading profitability over the next financial year.

During the year, we were pleased to recruit a part time HR consultant which has restored a professional focus on this key element of managerial responsibility. All divisional HR co-ordinators within the UK and Europe have been re-trained and a dedicated 'staff accessible IT system' has been installed and planned to 'go live' in Q1 year ending March 2012.

During the third quarter of the year under review all TR's European divisions received visits by the Chairman and CEO, where, over a dedicated day, presentations and tours enabled every member of staff to interact directly with them and often on a one-to-one basis. Our Marketing and HR colleagues prepared a detailed printed brochure that outlined the Group's Business Plan, our Mission and Ethical Culture along with a pen-portrait/job-profile and photo of each Board Director. Our total UK and European staff of over 500 each directly received a personal copy during each presentation. This has all been very well received and we intend that this 'personal tour' will be repeated every year from now on.

"Once again, we humbly recognise the irrepressible commitment, hard work and enthusiasm of our entire management and staff teams across the Group"



"We continue to be encouraged by our daily sales run rate, which of course, is now targeted at a higher level than for the year we are currently reviewing"

Banking and Finance

The strengthening Trifast sales and profit performance over the past eighteen months has transformed our banking relationships from initially challenging to positively co-operative, both in the UK and in Singapore.

As our growth continues, cash management will remain a key focus, and we are encouraged by the enthusiasm and support shown to us by our banking providers towards our on-going business plan, both commercially and our strategic objectives.

People

Once again, we humbly recognise the irrepressible commitment, hard work and enthusiasm of our entire management and staff teams across the Group. Senior management endeavour to communicate openly and honestly at every opportunity with our people as to the status of past, present and anticipated performance, which we hope has contributed to the positive Company culture which we currently enjoy.

However, it is the basic moral fibre that exists within the majority of individuals who work for TR that has been at the core of our ability to begin recovering not only market positioning, but also our standing amongst our loyal shareholders.

The Directors are truly appreciative of the support they have received from their management and staff during the year, and look forward to making the future even more rewarding for all our stakeholders.

Current Trading

We continue to be encouraged by our daily sales run rate, which of course, is now targeted at a higher level than for the year we are currently reviewing.

We have seen only minor impact from the Japanese natural disasters, mainly caused by component shortages for consumer electronics; however, this has not materially constrained current sales, although our vigilance remains high with selected customers whom we feel may be at risk. Meanwhile, at the time of writing, our own sources of supply have not been affected.

Summary

Trifast has clearly enjoyed the best of the global recovery in customer demand "catch up" for re-stocking, which now allows our strategy to develop market share to come into its own. These plans embrace most of our individual business teams across the Group but with special focus in Asia, the UK and America, and we look forward to reporting our progress as we go through the year.

Meanwhile, the Board are impatient to fulfil their objectives to fully restore Trifast to an even more acceptable level of performance by late 2012 that we hope will satisfy the aspirations of the majority of our staff and investors.

To watch our
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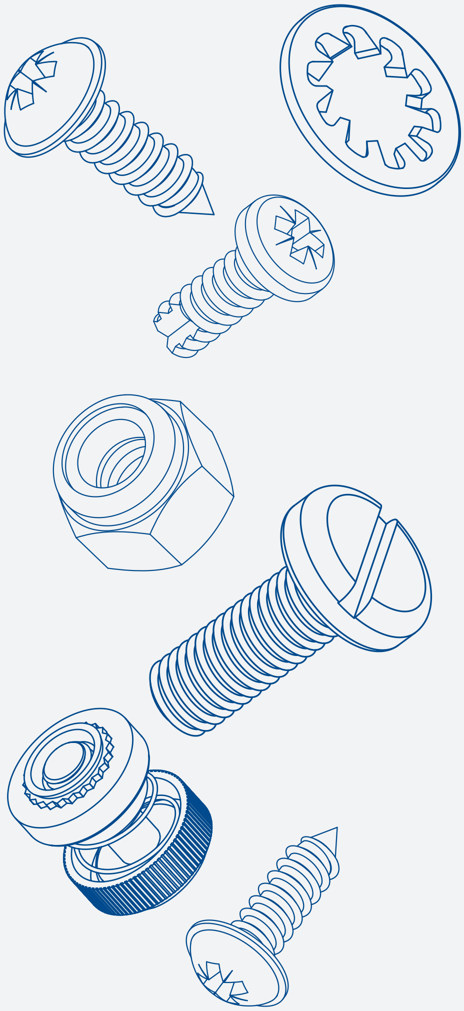
Business Review
continued

DEVELOPING A LONG-TERM STRATEGY
– SECURING A LARGER MARKET SHARE

- Sustainable profitability through:
  - – Organic growth across all business lines
  - – Margin improvement
  - – Leverage Asian manufacturing capabilities
  - – Group purchasing powers
- Focus on 'lean' processes to further enhance quality and customer service
- In-house manufacturing and strong sector focus underpins Trifast's powerful customer offering
- Continue to build alliances; research and identify self managing acquisitions yielding further benefits to the business stakeholders
- Double digit ROCE
- Return to a progressive dividend policy




Fastenings

Finance Review

Overview – Mark Belton, Group Finance Director

Results for the year

An Operational Business Review of the year is set out in the Joint Chairman's and CEO Statement on pages 8– 13; however, the financial results for the year ended 31 March 2011 can be summarised as follows:

Continiung operations	H1 30 September 2010	H2 31 March 2011	**Full Year 31 March 2011**	Full Year 31 March 2010
Revenue	£52.04m	£54.05m	**£106.09m**	£85.94m
Underlying EBITDA[1]	£2.48m	£2.78m	**£5.26m**	£2.13m
Underlying pre-tax profit[1]	£1.72m	£2.05m	**£3.77m**	£0.92m
Pre-tax profit/(loss)	£1.48m	£1.04m	**£2.52m**	(£2.81m)
Operating cash generation	(£0.14m)	(£0.91m)	**(£1.05m)**	£3.91m
Net debt	£5.63m	£7.14m	**£7.14m**	£4.68m

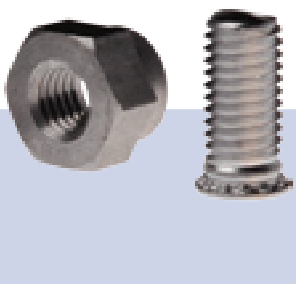
[1] Underlying profit and EBITDA is calculated before intangible amortisation, IFRS 2 charges, restructuring costs. The underlying profit figure is derived before separately disclosed items, which are explained in detail later in this report. The Board believes this profit figure provides a better understanding of the Group's performance.

"What a difference a year makes; it has been a pleasure to watch the initiatives that we put in place during 2009 and 2010 bear fruit and enable growth to be achieved quicker than our initial expectations"

Revenue

As the Board indicated in the Group's Trading update issued on 20 April 2011, the business has continued to experience buoyant trading conditions; this is evidenced with the last month of the financial year being reported, achieving record sales since the changes made to Management and TR structure in early 2009, finishing with the final quarter of 2011 showing a 10.0% increase on the previous quarter.

Compared to last financial year, revenue increased quicker than we anticipated by an impressive 23.4%. Part of this increase was brought about by re-stocking from customers and returning back to underlying usages again as the economy improved, but part was also from 'New wins' secured by the rejuvenated TR sales force. During the recession years ended March 2009 and 2010, we did not cut back on the sales teams and this has now begun to pay off, particularly in the UK.



Group Revenue was £106.09 million and, our key regions can be analysed as follows:

Continuing operations	**Full Year 31 March 2011**	Full year 31 March 2010	% increase
Revenue			
UK	**£57.13m**	£46.46m	23.0%
Asia	**£27.45m**	£21.45m	28.0%
Europe / USA	**£21.51m**	£18.03m	19.3%
Total	**£106.09m**	£85.94m	23.4%

Clearly, the greatest growth was seen in Asia, particularly in the first half of the year. This growth slowed down in the second half, as overstocking in H1 started to readdress itself in H2. Our Chinese distribution site in Shanghai has been very successful over the years in handling transfer business from the rest of the Group; however, we recognise that we cannot rely solely on transfer business alone and support from the Global Sales team will be utilised to generate new business leads in the forthcoming year.

The UK represents the largest proportion of sales at 53.9% and continues to show solid growth as business wins secured previously have now started to feed through. Although our European and American growth is impressive, we recognise work still needs to be done on some sites to further improve these territories' overall profitability.

Whilst Revenue growth is important to the business, key to the Group's on-going and future success is the quality of earnings and margin enhancement, and we will continue to focus on these areas over the forthcoming years.

Adjusted pre-tax profit operating margins

After having taken into account the additional costs and negative impact of foreign exchange, freight and material cost increases, points we highlighted in our last Interim Management Statement in February, Group profit before tax (before separately disclosed items) for the year was £3.77 million (2010: £0.92 million).

The improved revenue clearly helped contribute to the turnaround, but vigilant control over the cost base ensured that the benefit of this improved revenue largely went straight to the bottom line.

Despite the impact of foreign exchange and higher input costs, Gross profit margins improved, from 24.4% in 2010 to 25.2% in 2011, and with initiatives that we have already started in the new financial year, we believe there is further scope to see these margins improve going forward.

Overheads increased by £2.44 million compared to the previous year; of this increase, £0.92 million related to bonuses to reward staff, a key motivational move by the Board as many of our people had not, through the difficult times received a pay rise for almost three years. £0.64 million related to foreign exchange losses with the majority incurred in Asia, where the local currencies continued to strengthen against Sterling, the US Dollar and the Euro.

Despite the significant increase in revenue, average headcount in the year being reported rose by a modest 2.1%, to 886 from 868 in 2010.

The underlying operating result between the Regions can be analysed as follows:

Continuing operations	**Full Year 31 March 2011**	Full year 31 March 2010
Underlying operating result		
UK	**£2.46m**	(£0.55m)
Asia	**£3.20m**	£2.76m
Europe / USA	**(£0.05m)**	(£0.34m)
Central costs	**(£1.29m)**	(£0.80m)
Total before financing costs	**£4.32m**	£1.07m
Net financing costs	**(£0.55m)**	(£0.15m)
Total after financing costs	**£3.77m**	£0.92m

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Finance Review
continued

By territory, TR Asia continued to experience growth; a strong recovery within our UK operations resulted in a positive swing of £3.01 million year-on-year, whilst our European operations and our US business caused us no major problems, achieving a breakeven position by the end of the period. This outcome was reflected in the Regional underlying operating results shown above.

The Board continues to be vigilant and review areas where efficiencies can continue to be made; however, we are mindful that to achieve ongoing growth further investment will be required over the next few years.

Separately disclosed items

The following items are shown separately in the Income Statement and need to be taken into consideration to truly understand the underlying performance of the Group:

Restructuring costs	£0.80m
Intangible amortisation	£0.26m
IFRS 2 charge	£0.19m
Total	**£1.25m**

Restructuring costs

Of the £0.80 million restructuring costs, £0.63 million relates to costs in moving our Chinese manufacturing plant in Suzhou out from the 'Free Trade Zone' into the local premises of one our Strategic Alliance Partners. This will cut down overheads, whilst at the same time increasing our capacity to serve the local markets more efficiently. The remaining £0.17 million refers to 'Rightsizing' our portfolio of UK properties, in order to match the size of the properties with the needs of our on-going operations.

Interest and interest cover

The banking facilities were re-negotiated in February 2010, consequently incurring higher bank charges going forward. In addition, the increase in business understandably resulted in more working capital being required, which in turn raised net debt. The knock on effect of these factors increased net interest in the period to £0.55 million (2010: £0.15 million).

Net interest cover (which is defined as EBITDA to net interest, before the one-off separately disclosed items) remains strong at 9.5 times (2010: 14.2).

Taxation

Taxation in the period amounted to £0.88 million; Effective tax rate (ETR) 34.9% (2010: tax credit of £0.62 million, ETR 22.1%); however, the Group's blended tax rate based on the geographical tax regimes was 20%. The majority of the difference between this rate and the ETR was potential 'Deferred tax assets' of £0.33 million that could not be recognised. Of this, the majority related to losses and the move costs of the Chinese manufacturing plant out of the 'Free Trade Zone' in Suzhou; excluding these costs the ETR would have been 26.8%.

At the end of the period, all of the current tax charge related to overseas operations.

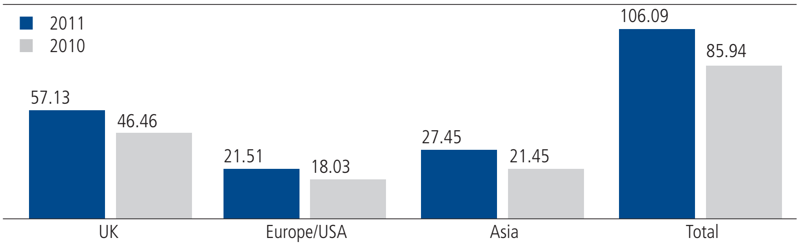
Balance sheet and funding

At 31 March 2011, total Shareholder equity amounted to £42.85 million (2010: £40.18 million) an increase of 6.6% reflecting the Group's profitability during this period.

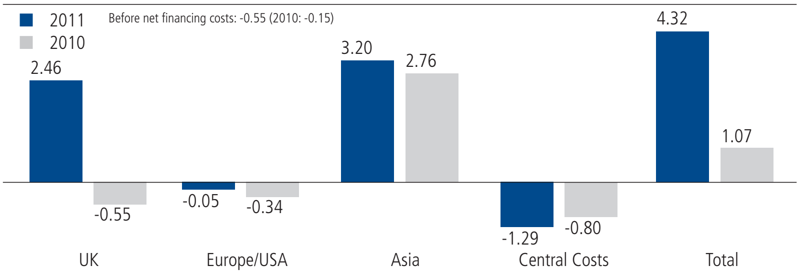
To support the growth in the business, net working capital increased by £5.44 million. Group stock levels in 2009/2010 financial year had been driven down to an optimum level but subsequently increased in the year being reported by £4.98 million in order to, as previously stated, service the increase in new and existing business contract gains and the range of transactional stock referred to in the Operational Business Review. Despite this rise, it is reassuring that Gross stock weeks, based on a three-month rolling basis fell to 22.0 (2010: 23.0) indicating that we continue to maintain tight control over our stock purchases.

Year-end net debt was £7.14 million, which is higher than at March 2010 (£4.68 million), but this was in-line with expectations given the increase in working capital.

Total Revenue £m



Underlying Operating Result £m



"... it is now the Board's desire to address dividend yield during the current fiscal year having delivered nearly a six-fold increase in the share price since the Management change"

Gross debt at 31 March 2011 was £14.28 million (31 March 2010: £12.10 million) and Gearing remains low at 16.7% (2010: 11.7%).

In February 2010, the Group's banking facilities were re-negotiated in order to provide more security and flexibility. The Group's bridging loan of £2.00 million was fully repaid by October 2010 and in November 2010, the Group's outstanding term loan of £3.00 million which originally had a provisional repayment date of December 2010, was extended to December 2012. The Group continued to trade well within its banking covenants.

Group net cash balances at March 2011 were £7.14 million (2010: net cash £7.42 million), of which £6.26 million was held in foreign currencies (2010: £7.81 million). As a Group, our policy is, where possible, for each subsidiary to trade in and hold its local currency. Recently, this has become more and more difficult as customers particularly in Asia have insisted on being invoiced in Euro or US Dollars, and as shareholders will be aware, these non local currency balances have been subject to the strengthening of Asian currencies and resulted in high foreign exchange losses through the trading cycle. We do monitor exchange rates, and buy and sell currencies in order to minimise our open exposure to foreign exchange rates where possible; and will always consider further ways in which we can reduce our risk to currency exposures.

Cash flow

Cash generation remains a key objective of the Group. The Board is mindful of its duty to re-invest in the Group for future expansion and earnings growth, and in the period utilised an additional £1.05 million of cash to meet this criteria.

Cash paid out during the year on the one-off separately disclosed items was £0.90 million, reflecting a true underlying use of cash of £0.15 million.

Debtor days remain strong at 77 (2010: 69) and bad debts in the period remain low at £0.07 million (2010: £0.07 million).

Capital expenditure in the year was £0.30 million (2010: £0.22 million). As we informed shareholders in November 2010, due to increasing manufacturing demand and visibility in the Asia territory, the Board authorised the restoration of capital expenditure in this region. The Group continues to be prudent with cash but will invest as necessary, remaining mindful of ROCE which at March 2011 was 8.7% (March 2010: 2.4%).

Earnings per Share

The adjusted diluted Earnings per Share (EPS) which in the Directors' opinion best reflects the underlying performance of the Group, has increased significantly from 0.07p in 2010 to 3.03p in 2011 demonstrating the Group's positive earnings momentum.

Dividend

Since the Management change in 2009 when the share price stood at 8.5p, the Directors have concentrated on investing in the Group to achieve capital growth. Although no dividend is being proposed in respect of the year ended March 2011, it is now the Board's desire to address dividend yield during the current fiscal year having delivered nearly a six-fold increase in the share price since the Management change.

Managing the Business

Managing Risk & Challenges

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 the various categories and the following represents a selection of these indicators:

Organisational & Operational

Personnel

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.

Training forms part of an individual personal development plan and, with a clear HR strategy in place we will be rolling out new initiatives and programmes to support both the Group's business plans and the personal goals of all our staff.

Whilst we have an 'emergency plan' in place to cover short term issues, TR is currently putting in place a full 'Succession Planning Module' which will provide detailed plans in the event of, for example, loss of key personnel; it will also identify key personnel who the Board consider to be 'the next generation leaders' and, where specialist skills learning programmes and development modules are identified, these will be added to their personal development programmes.

Quality and manufacturing procedures

The Group operates stringent 'Total Quality Management' procedures and measures its performance.

TR manufactures around 20% of its inventory, the balance being sourced from strategic manufacturing partners. Like 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.

Financial

Currency

The business is exposed to currency movements relating to sales, purchases and cash borrowings particularly against the US Dollar and the Euro. Currently, as far as practicable, TR operationally hedges, will monitor exchange rates and buy & 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.

Working capital & stocks

As the business grows TR is required to carry additional stock to meet its transactional and OEM business which could lead to an increased exposure to obsolete stock. However, through TR's involvement at the R&D entry point through the production life of a product and customer underwrite forms, control of obsolete stock risk is kept to a minimum. The tight control over stock purchases has seen us report a reduction in Gross stock weeks.

Customer Failure and Debtor exposure

The business operates very tight controls on debtors and working capital. Monitoring systems 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 4% Group exposure in balances overdue.

TR's Strengths

- **Strong leadership**
- **Highly experienced and motivated personnel at all levels**
- **Competitive advantage – First class manufacturing and logistics 24/7**
- **Quality of Service to customers – unique**
- **Technical and operational expertise**
- **Global offering**

Key Performance Objectives

- **Gross margin improvement > 1% per annum**
- **EBITDA > 8%**
- **ROCE > 10%**
- **Generate cash and restore dividend stream**

External

Macro economics

Currently over 50% of revenue comes from the UK with the balance from Asia and the Americas.

The Group has benefited from the re-stocking cycle during 2010. Historically, whilst the distribution/manufacturing sectors bears the affect of destocking 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.

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. For example as we indicated last year, should another economic downturn be experienced across the world and TR was to secure as a much as 1% of the global market it would see £500m sales, so growth aspirations continue to be legitimate.

Raw material price inflation

Industrial businesses have to contend with fluctuating material prices, energy and freight costs, as well as 'cost down' pressures and stock obsolescence.

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 stocks and contracts feed through and new supply prices take effect.

Competitor Pressures

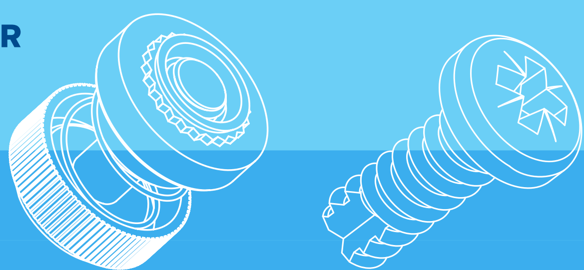
TR benchmarks its operations and services against several leading logistics providers, both in and outside its sector to ensure it remains competitive in its service offering. As part of TR's business objectives it regularly addresses its logistics systems and focuses on reducing resource duplication where possible.

Inside Trifast

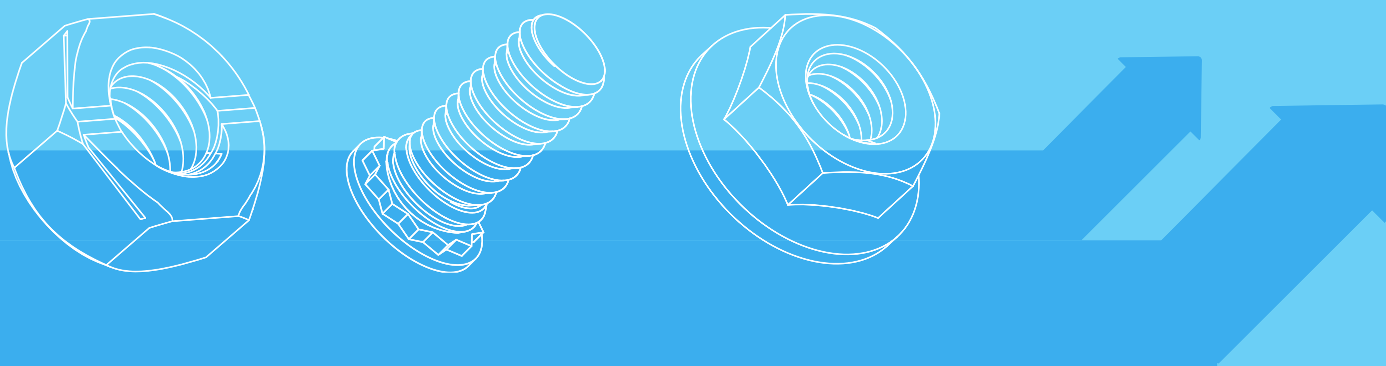
TAKE A LOOK INSIDE TR

- TR has distribution sites in the UK, Mainland Europe, Asia Pacific and the USA delivering to 54 countries in total, plus five manufacturing plants in SE Asia and a small specialist plant in the UK
- Recent benchmarking carried out by key customers on international fastener suppliers has placed TR at the top of their preferred vendor list due to TR's unique combination of low cost Asian manufacturing, global logistics and design/technical product support. TR's main competitors all major on either manufacturing or distribution – whilst TR combines both
- As well as our global offering, we provide specialist products direct to master distributors and high end users mainly in Europe and USA, and factory to factory requirements predominantly in Asia
- Whilst employing 900 staff across the globe, TR has maintained a lean central overhead by encouraging each country manager to accept a high level of responsibility and accountability, thus providing the "ownership" at local level that sustains the fundamental motivation needed to deliver our performance targets

This section we hope gives you an insight into TR



Trifast plc



24 Management Structure

"As a leading international manufacturer and distributor of industrial fastenings with operations in Europe, Asia and the Americas, the business is run by experienced management and teams who work together in their goal to deliver our business objectives"

Neil Chapman
Senior Independent
Non Executive Director

Jonathan Shearman
Independent
Non Executive Director

Malcolm Diamond MBE
Executive Chairman

Jim Barker
Chief Executive

Seamus Murphy
Operations HR & IT

Mark Belton
Group Finance

Glenda Roberts
Group Sales

Geoff Budd
Group Commercial Director

COUNTRY MANAGERS

Key Disciplines

To watch our
Corporate Video visit:
www.trifast.com

Key Disciplines

UK

Dave Fisk
General Manager, TR Southern Region

Steve Meiklem
General Manager, TR Northern Region

Sam Wilson
Managing Director, Lancaster Fasteners

Keith Gibb
Sales Director, TR Branded Products

Michelle Horscroft
TR Direct

ASIA

Thomas Tan
Managing Director, Asia

Phua Yong Sang
China

HK Tan
Malaysia

Endy Chin
Singapore

Wilson Chen
Taiwan

Key Disciplines

EUROPE

Ron Vlutters
Holland

Zoltan Csengeri
Hungary

Dara Horgan
Ireland

Jan Erik Storsve
Norway

Roberto Bianchi
Sweden

USA

Alan Bate
Managing Director

Key Disciplines

KEY SUPPORT

Roberto Bianchi
Director of Sourcing

Ian Carlton
Director of Quality

Colin Coddington
IT Operations Manager

Helen Toole
HR Adviser

Key Disciplines

The Lancaster Story

PROFILE

24 hrs

Lancaster Fastener Co Ltd
Threadforming Screw Specialists

"Lancaster Fastener – a brand that is synonymous with exceptional standards of quality and customer service to distributors across the globe" Sam Wilson, Managing Director

Lancaster Fastener is recognised throughout the European distribution trade as a specialist importer and stockist of small diameter (12mm and below) industrial threaded fasteners. Successfully trading within the fastener industry for almost 30 years, Lancaster Fastener has developed a brand that is synonymous with exceptional standards of quality and customer service.

Product ranges are sourced from '*Quality assured*' manufacturers and subsequently supplied to a network of fastener distributors throughout 31 countries worldwide.

1 of 11 aisles, fitted with high rise racking and an overall capacity of 7,700 pallet spaces.

Lancaster Fastener supply many of the leading European fastener distribution groups as well as offering support to many of the smaller distribution companies across Europe. Lancaster's position in the market forms an essential supporting stock interface between the distributor and the Asian manufacturer, reacting largely to the infill demands of the industry.

Product ranges

Lancaster's stock range is presented to the industry in a 240 page catalogue which includes comprehensive technical data on all featured products. Available to customers in print and as a download, the catalogue is complemented by detailed product information on Lancaster's website.

It is the major depth of Lancaster's range and the narrow, specialist stockholding that differentiates them from their competition within the industry.

Excellence in customer service, warehousing and distribution

From over 2,500 tonnes of stock, comprising of over 5,000 product lines, customers are offered a fast and efficient carton service supported by an excellence in European Logistics. Customers in the UK are offered a next-day delivery service and a well established relationship with a reputed logistics operator has allowed Lancaster Fastener to develop a delivery network throughout Europe. Daily collections from Lancaster are forwarded to a central European hub within 24 hours and then on through a delivery network to destinations throughout Mainland Europe and Scandinavia. Typical transit times throughout Europe are 2–5 days from receipt of order.

Lancaster Fastener

From 30,000 sq ft custom-built premises with high rise racking, Lancaster Fastener operate one of the most sophisticated and streamlined warehouses in the industry. Customer satisfaction is ascribed the utmost importance and great emphasis is placed upon effective communication with customers in order to meet their specific requirements.

With a predominant customer base that extends throughout Europe, this high level of communication is achieved by the linguistic abilities of Lancaster's international sales team, which comprises of German, French, Spanish, Italian and Polish speakers.

Year-on-year success

Lancaster Fastener has witnessed a remarkable increase in activity over the past 12 months as the industry slowly emerges from the depths of recession and has continued to grow the business organically through expanding its European customer base and by introducing new size additions to their product range.

Increased sales and marketing strategies have been focused to further develop activities in new and emerging markets whilst continuing to make further inroads into already established markets. Such an approach has meant that Lancaster Fastener has been successful in acquiring new customers in addition to increasing business with existing customers.

The Lancaster Team
Clockwise:-
Lee Proctor, Marketing Co-ordinator; Julia Robinson, Sales Manager; Sam Wilson, Managing Director; Bill Jambor, Commercial Director; and Elaine Hollier, Sales Office Manager.

Solid investment in technology and sales intelligence has allowed Lancaster Fastener to increase the size availability of their product ranges by bringing customer demand to the fore.

"It is Lancaster Fastener's continual aim to be respected by their customers by exceeding expectations and providing outstanding performance in every aspect of their business"

To find out more visit:

www.lancasterfastener.co.uk.

Supporting OEMs

PROFILE

24 hrs

AUTOMOTIVE HOLLAND

TR's Automotive Sector is growing very rapidly. TR Holland's MD Ron Vlutters is shipping increasing volumes into Germany and Belgium supporting Tier 1 and Tier 2 suppliers to the major Automotive OEMs.

"TR has liveried the delivery vehicles with TR's distinctive logo, 'Global Fastener Partner to the Automotive Sector', product illustrations and contact details. This is proving to be a powerful sales support tool. Recently, a Fastener purchasing manager for a large group contacted his sales desk as he was following the TR branded truck. This resulted in a €500k enquiry for special stainless fastenings and technical support."

Ron Vlutters, Director TR Holland

The TR Culture

PROFILE – GEOFF BUDD

I joined the business in 1976; in this time, I have travelled the globe gaining valuable knowledge of our industry and markets both at home and internationally.

Currently, my Board remit is to provide tactical support on the sourcing and pricing of high volume/high specification customised components and leading TR's product focused strategy drive. I have the pleasure of working with a group of motivated people and together we are instilling the TR culture – delivering a high class service at the right price.

If I look back over the years there have been some key messages that have stood me in good stead; the founders of the business, Mike Timms and Mike Roberts, instilled a number of key principles and concepts in the Company's formative years that remain with TR today.

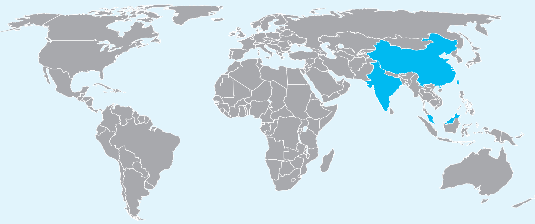
I share these with you as I do my team:

- Make customers happy to deal with you. I was told to smile when answering the phone, tell the customer who I was and make personal commitments to answer their enquiry as quickly as possible.
- Focus on products where there is a niche demand. Hence today we have a range of products for sheet metal and plastic which are at the heart of the engineering solutions we offer to customers.
- Treat your suppliers with as much respect as customers because without them you will not succeed.
- Take care and respect your people and create a working atmosphere that encourages personal growth and success.
- Keep your mind open to new ideas and concepts.
- Malcolm Diamond introduced Direct Line Feed or delivery to the point of use in the 1980's when it was a real innovation. He also introduced Total Quality Management (TQM) as a method of improving internal communication and processes.
- Under-promise and over-deliver.
- An order is not an order until the money is in the bank!

Trifast in Asia

TR Asia is based in Singapore and operates through the following regions:

Singapore – manufacturing and distribution
Malaysia – manufacturing and distribution
Taiwan – manufacturing and distribution
China (Suzhou) – manufacturing
China (Shanghai) – distribution
India (Chennai) – distribution
Thailand – distribution



OVERVIEW
Thomas Tan, Managing Director

The atmosphere in the Asian businesses is good and our performance last year was very encouraging, with turnover up 28% on last year and operating profit up about 16% pre exceptionals.

The first half of the financial year under review was very strong and we believe this reflects the rapid recovery from recession followed by overstocking and then a correcting of stock levels. Although the second half of the year was slower, it was ahead of the comparative period in 2009/10, and we remain motivated for the prospects and year ahead.

"We have to remain focused on delivering a profitable return on our investments, whilst in-house manufacturing and strong sector focus underpins TR's powerful customer offering"

Looking across the region:

TR Singapore has for more than a decade been the manufacturing flagship of Trifast with its very efficient factory and high technical capabilities; it leads the way when it comes to small fastener manufacturing.

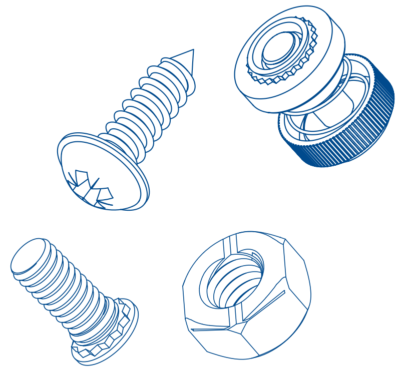
Singapore itself is reportedly now the second most expensive place in Asia to do business behind Tokyo; against this backdrop and with the well documented strengthening of local currency, we have to remain focused on delivering a profitable return on our investments. We acknowledge the importance our presence holds here, therefore, over the next year my team and I will be formulating a strategy to take the business forward in its next stage of development.

TR Taiwan reflects the local business culture – a mix of control and compassion; from this approach this business has once again delivered a solid result. With a high retention of skilled and motivated staff led by an inspiring management team this business from its multi-site operation, has introduced clear policies and procedures with rewards for success and penalties for failure, and this attention on quality has resulted in very little wastage.

The specialist fastener's business is progressing well but global sales are made in US Dollar, Sterling or Euros, whereas local operating costs are in NT Dollars which has strengthened during the period. We have to date been able to pass on price increases to customers, but if there is a further strengthening of the NT Dollar, gaining acceptance from customers to increase prices again will be more challenging.

Once again, we are looking at ways to build this business, with aspirations to double its turnover; we are very excited by the opportunity that this offers us all and I look forward to reporting to you on our progress next year.

TR Malaysia has produced another creditable result and we expect another good performance in this new financial year, although the first part of the year naturally will see the impact of output slowdown in the Japanese electronics market, but once again we are cheered by the opportunities we see ahead of us.

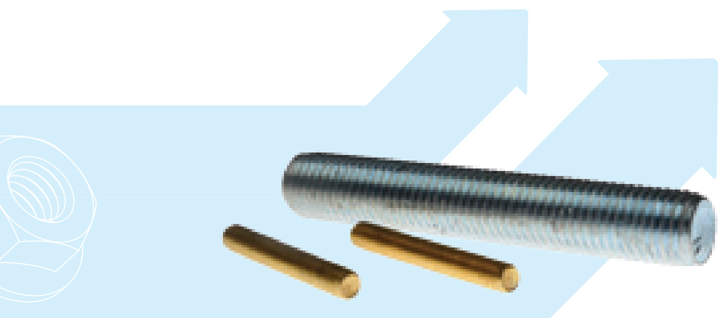


Looking at **China**; an economy that has grown faster than just about every other over the last four years; however high inflation and escalating labour cost is making it no longer the low cost manufacturing country it used to be. In addition, the 'European Community Anti Dumping Tariff' of 86% has made it uncompetitive to sell into Europe. Labour cost per unit output is now very similar to those in Taiwan and Malaysia, and could surpass them within the next year. The transfer of manufacturing out of the 'Export Processing Zone' into the local premises of one of our Alliance Partners will afford greater opportunities locally for us and fit well into our Asian model as a whole.

In summary, as I said last year, investment in Asia is necessary to ensure that TR keeps pace with demand from our customers and allows us to grow our business. We remain focused on developing new and existing business relationships both globally and within the Asian markets and through our 'hunter' skills we expect to reap the benefits of our clear strategic objectives as we continue to exploit these drivers to build our business.

I would also like to take this opportunity to acknowledge and sincerely thank my colleagues, Phua Yong Sang (China), HK Tan (Malaysia) Endy Chin (Singapore) and Wilson Chen (Taiwan) who form the Asia General Management team; all have worked very hard with their people to deliver our region's solid performance.

The strategic benefits and success of TR's **Asian manufacturing** units in Singapore, Malaysia, Taiwan and China encourage and motivate us to investigate opportunities for additional growth. With the extension of our presence into India, Thailand, Vietnam and, our investment programme into sales personnel and automated inspection equipment, we expect to sustain our international and local domestic growth impetus.



To watch our
Corporate Video visit:
www.trifast.com

Sourcing & Supplier Development

"It's crucial to develop strategic customer & supplier partnerships in a global market whilst at the same time establish closer collaboration between sales and sourcing in order to get results"

OVERVIEW
Roberto Bianchi, Director of Sourcing

The current financial year sees the roll-out of a revised Sourcing & Supplier Development Strategy.

Through this we will see my team working closely with TR's General Managers, purchasing & sourcing managers and local/global sales teams so as to understand the operational needs and requirements to win and secure new and additional business.

'LEAN' production and efficient supply chain processes

'*Lean*' is about doing more with less:
less time, inventory, space, labour, and money.

'*Lean manufacturing*' – a commitment to eliminate waste, simplify procedures and speeding up production.

'*Lean production*' – the systematic elimination of waste – over-production, waiting, transportation, inventory, motion, over-processing, defective units – and the implementation of the concepts of 'continuous flow' and 'customer pull'.

"Our aim is to consolidate TR's sourcing and purchasing spends with its strategic suppliers, in order to deliver a continuous profit growth for the business"

There are both economic and environmental benefits from having a global sourcing and supplier programme: firstly, it improves operational efficiency and thereby increases earnings, and secondly it enables us to consolidate warehousing, handling costs and reduce manufacturing, freight and packaging pollution.

We have researched every supplier where TR has spent money in the last two years. We have over 2,500 which are now categorised and over the next year, we will be looking to consolidate the listing further. Currently, 62% of our 'strategic' spend now comes from 150 suppliers.

Our ongoing strategic focus to achieve savings will be through:

- Benchmarking our current spend

  We began by benchmarking our strategic suppliers and this led to some renegotiation on prices and trading terms which gave us some initial savings. After deeper evaluation, we began to work closer with TR's Regional purchasing teams so we could look at ways to consolidate as much of our current and new business into the strategic suppliers programme

- Renegotiations and re-sourcing with vendors

  We remain in dialogue with all our strategic suppliers; our aim is to achieve improved trading terms and reduced prices on current spend but not to the detriment of supply - 'its all about working in partnership'

Pictured clockwise:-
Lasse Peterson, Wayne Rosser and Roberto Bianchi

> "To become one of TR's strategic suppliers they have to be driven by 'Quality & Service', delivery, technology, and cost performance"

We will also look for new vendors who can offer supply and terms that meet our business plan criteria.

We will continue to focus our actions on the selected top 150 suppliers by spend to achieve proactive sourcing, benchmarking and price negotiations, taking into account external factors which affect the model, for example raw materials and currencies.

This is the start of an adventure that through the total support of the Executive Board, Operational Management and through close collaboration with TR Sales and TR Operations will deliver results over the short, medium and long term.

We need to have patience and focus in order to become successful and so we look forward to reporting on our progress.

"What is Sourcing all about?"......

"In business, the term 'sourcing' refers to a number of procurement practices, aimed at finding, evaluating and engaging suppliers of goods and services"

"What's a Supply chain?".......

"It's the movement of materials as they flow from the supplier to the end customer. The process involves efficient methods of purchasing, warehousing, transportation, customer service, demand planning, and supply planning. It is made up of the people, activities, information and resources involved in moving a product from its supplier to customer"

"Then, what's the definition of Purchasing?"......

"Purchasing refers to a business or organisation acquiring goods or services to accomplish the goals of enterprise"

Global Sales

OVERVIEW
Glenda Roberts, Group Sales Director

This has been a very interesting year and having reached the middle of our three-year plan, I am proud of the results we have achieved at a Global sales level.

The restructuring of the Sales team both regional and at global level, and a clear Sales strategy with personal targets set for each team colleague, ensured we were poised to maximise the opportunities as the economy started to recover from recession.

Year 3 brings new challenges and also opportunities.

We pride ourselves on our Customer care and the relationships we have with our customers. This will be of importance to us during the coming year as we continue discussions on pricing to restore our margins which have been hit by material and freight increases as well as foreign exchange particularly when we source from Asia in US dollars. The Sourcing teams have worked hard with us to negate these, but the net result is that we have still had to absorb significant increases which we now have to pass onto customers in a considered way, by that we mean on a 'case by case' basis. This process is underway and we are already seeing a margin improvement.

We will continue to focus on the UK as we believe our product and service offering will increase our share of the existing market, as witnessed last year, we grew 23% in what was then a depressed market; Organic growth, Branded product sales to Distributors and a major increase in new Automotive business were the main contributors to our improvement.

The strategy for the Automotive sector, with dedicated teams both in Sales and Sourcing has proved that if we focus on a sector then we can take market share.

Traditionally, TR has been better known for supply to the Electronics/IT sector and in our formative years this was a high percentage of Group sales revenue. Today, I have put in place a dedicated resource and formed an Electronics/IT/Telecoms team to concentrate on this sector globally. This complements the strategy we are focused upon – targeting multi nationals in this field for further sales development in China, the USA, India and Eastern Europe. With staff recruited and this initiative launched the target is double digit growth on our existing sales in these regions. Much of my attention and that of the 'Strategic' team will be to assist the country managers in this goal.

I am pleased to report at the time of writing that Year 3 has started well and I am confident that we can go on to deliver on our objectives.

"Year 3 brings new challenges and also opportunities"

Finance Teams

Group Finance Team
Clockwise:-
Jade Overy,
Assistant Accountant,
Becci Stallman,
Credit Control Manager,
Peter Callender,
Group Accountant,
Lyndsey Case,
Group Financial Accountant,
Carolyn Emsley,
Company Secretary Assistant,
Maria Johnson,
UK Financial Controller,
Mark Belton,
Group Finance Director

"The Finance teams have developed strong working partnerships with their operational colleagues around the world and this has manifested itself in further operational efficiencies for both the business and the teams"

Mark Belton, Group Finance Director

The Finance teams have continued to improve reporting standards and implement new initiatives throughout the year thereby enhancing their roles in providing vital support to the businesses around the TR network.

Reflecting the business objective of 'continuous improvement', it is pleasing to report that during the year the Finance team has, as a result of team initiative upgraded systems and reporting procedures. This has provided a much improved framework allowing quicker and more efficient reporting for the TR business units. These global operating standards assisted the team in being able to consolidate the trading results of the business and complete the Audit three weeks ahead of schedule which in turn, enabled the PLC team to report year-end results to the investing community ahead of plan.

This is a testament to the hard work and commitment the Finance team invests in their function within Trifast.

The key focus for the team this year will be on working capital and cash generation. We will also provide support and technical resource to our colleagues throughout the TR networks and introduce further new initiatives which will have a positive impact on working practices.

"Logistical support is fundamental to customer service'...'we offer tailor made solutions to customers' requirements"

Jon Gibb, Group Management Accountant

TR Branded Products

"One of our aims is to have the 'TR brand' recognised globally as the premier brand in specialist fasteners for sheet metals and plastics assembly"

OVERVIEW
Keith Gibb, Sales Director TR Branded Products

We supply over 5,000 companies from all walks of industry around the globe. Many of these industries have specific needs in both product and quality requirements. Our job is to meet these needs through the extent of our product range and scope of our quality certification, and to have the 'TR brand' recognised globally as the premier brand in fasteners.

Part of TR's strategy has been to develop its branded portfolio through securing licences, patents and trademarks, thus building on our lead position as the authority in fasteners by owning the brands, controlling manufacturing, distribution and quality which clearly underpins part of our Group strategy.

TR supplies over 150 million components every day to:-

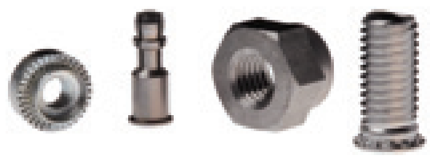
- small workshops through to global corporations
- sheet metal fabricators through to plastic moulders and next generation technologies and
- micro screws for the electronics industry through to weld nuts for automotive applications

Our own range of fastener solutions for specific industries and applications include fasteners for sheet metal, fasteners for plastic, security fasteners, thread-locking nuts and micro-diameter fasteners.

Let's take a look at some of our lead brands:

Binx is the trademark for the unique all metal reusable self-locking nuts acquired from Brown Brothers Engineering and invented by a Mr Binks

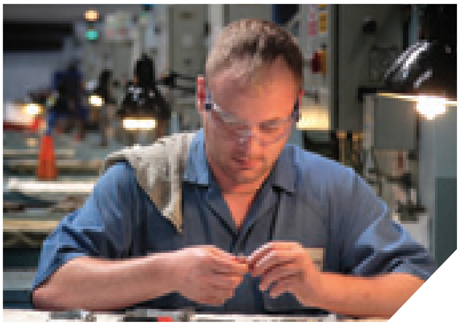
Pozidriv®, was originally marketed in the UK by GKN. Today, the Pozidriv® drive mechanism is renowned worldwide as an industry standard as well as being widely recognised within both the trade and DIY retail markets



Hank is the TR Fastenings brand for sheet metal fasteners. These are principally rivet bushes and self clinch products

TR bought the Hank brand from GKN, originally an adaptation of Hall and Kay Engineering, the inventors and original patent holders of the Rivet Bush

Polymate is a trademark for "Screws for Plastics" acquired from EIS (Formally GKN)



Plastech is another trademark for a screw for plastic

"Part of TR's strategy has been to develop its 'TR branded' portfolio through securing licences, patents and trademarks"

TRIFAST is a registered trademark for the PLC Company

The principle brand is **TR Fastenings** with its distinctive logo introduced in the mid-70's and which reflects the unique style and image of the Company

Group Marketing

Left:
Group Marketing team;
Abi Burnett,
Natalie Hussey,
Anjanita Eldridge,

Right:
Marie Spratt,
Marketing representative for
TR Southern Ireland

Traditional marketing

This year, the department has continued to develop its support to TR's global locations, working in alignment with the Group's global sales strategy. This has included the production of multi-lingual literature, advertising, location signage and vehicle livery; all this has been researched, developed and art worked by our in-house marketing & communications team.

To further aid the various sales campaigns across the Company, the team has worked closely with the Branded Products division producing monthly product focused material which has been 'direct marketed' to UK & European distributors, OEMs and TR's Master Distributors.

The launch of the **TR Direct** initiative should encourage transactional product sales growth. Working across the various disciplines and customer profile, we have received excellent feedback, both internally and externally on all these initiatives.

As a business, Trifast has always valued internal communication with all their people.

To ensure everyone contributes, shares and acknowledges the developments and successes around the business both at home and abroad, Group Marketing produces quarterly '**Good News**' in poster-style format which can then

be easily displayed around the TR facilities at all global locations. The '**Good News**' profiles case studies of new business won as well as general corporate information. Recently, we extended the brief to include a 'focus' on a member of staff; – apart from the recognition of the individual, it promotes their commitment, development and how we as a business have benefited from colleagues' investment and time in their working practices – all part of underpinning how as a Company we truly believe our people to be our greatest asset.

Aside from our work within our digital strategies, our already successful traditional marketing programmes continue to deliver tremendous results. These have included, exhibiting at Seawork, ONS Norway, Elmia, The London Boat Show and Fastener Fair Stuttgart 2011. Our presence at these lead Expos has generated a large number of leads surpassing our original expectations – a fillip and driver for us to market 'Brand TR'.

Digital marketing

Group marketing has been heavily focused on unifying TR's various digital channels.

Over the last year, a concentrated campaign was undertaken to improve our web efficiency, which has seen a significant improvement in our website performance and speed. This has resulted in consistent rises in our web traffic – www.trfastenings.com now boasts 38,000 registered users and receives regular visits from well over 100 countries.

As an ongoing process, we continue to develop the global coverage of the website with a focus on the United States and China.

TR has also capitalised on the rise in public awareness of social media, using Facebook, Linkedin and Twitter to both raise the corporate profile and ensure that all Company news from technical information, R&D, product launches through to regulatory announcements reach a widespread and importantly, targeted audience.

We are currently developing our social media strategy with figureheads around the businesses. We believe this will support and further reinforce our market leading position and technical excellence, whilst continuing to work closely in partnership across the Globe with both our colleagues and customers.

"As a business, Trifast has always valued internal communication with all their people"

FOLLOW US

www.facebook.com/trfastenings

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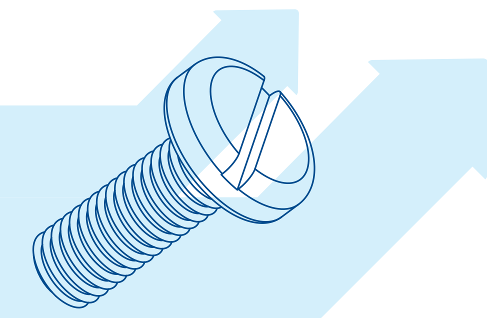
David Ng, Asia Business Development Manager



Human Resources

"To enhance communications with all TR employees, the HR newsletter provides updates on the strategy and implementation of the recommendations from last year's Review"

Following the Review carried out in the Spring of 2010, the Human Resources ('HR') function within TR has been working on the development of its own strategy to align with this Review and the Group's overall business plan.

As part of this process the following vision has been adopted:

"To create an environment which maximises the contribution and potential of TR people towards achieving the business strategy"

Pictured clockwise:-
Malcolm Diamond,
Chairman,
Helen Toole,
HR Adviser and
Seamus Murphy,
Director of Operations
HR & IT.

The HR function across Trifast now has three of its own distinct service lines:

- **Administrative and Transactional Services** – these are the traditional services provided by the HR function covering areas such as the administration of holiday booking and sickness absence and the management of recruitment and selection procedures

- **Business Partner Services** – these services include the provision of advice and guidance to managers regarding compliance with employment law; the services are provided by regional HR managers/representatives and TR's HR Adviser. For example, managers are benefitting from monthly briefings that provide a timetable of forthcoming changes to employment law as well as information on how to deal with particular people issues within the workplace

- **Strategic Partner Services** – Our HR Adviser works closely with the Main Board and in particular with the HR Director to ensure that the people management practices put into place support the overall business strategy and comply with employment legislation

During 2011, a major element of the HR strategy will be the introduction of a new 'state of the art' IT system dedicated to the HR functions and role within TR. This system will enable us to better communicate and achieve the strategy through more efficient transactional services and a more robust performance management system, together with the correct identification and investment in training needs. The system will also automate many of the HR processes and empower employees to review their own HR records, update their personal information and participate in the new performance management system.

Work is ongoing to prioritise the training budget in accordance with the training needs of the organisation. This will ensure that the necessary skills and behaviours identified as being key to the delivery of the business strategy are effectively developed and this, in turn, will maximise the contribution and productivity of all employees.

To support these objectives, and enhance communications with all TR employees, the HR newsletter has been re-introduced; published on a quarterly basis, it provides updates on the strategy and implementation of the recommendations from last year's Review.

We expect all of these initiatives to bring a clearer and satisfying environment in which to work for everyone in the 'Trifast family'.

NEWS

FASTENERS FAST!

Pictured clockwise:- Chris Robinson, Michelle Horscroft, Debbie King and Michelle Earle

TR Direct, is a new service focused on delivering TR's strategy to develop its transactional sales with a sales target of £10 million to be achieved by Spring 2013.

Launched in April 2011, TR Direct now stocks over 25,000 standard stock items; the majority manufactured in TR's Asia facilities which ensures quality and high standards of production, and available for overnight delivery to a customer anywhere in the UK. A dedicated website for our customers has also been launched, **www.fastenerfast.co.uk**

TR DIRECT FASTENERS FAST

NEWS

FAST TURNAROUND FOR MAINTENANCE AND REFIT PROJECTS

TR is a key supplier of marine-quality fastenings for UK boat builders and its product offering provides a 'one-stop' shop for refit and maintenance operators.

TR Fastenings' core marine specialist parts are manufactured in the Group's wholly-owned Asian factories. TR can also offer an affordable custom parts service, with low volume orders made in the UK quickly and economically.

Adding complementary consumable and commodity products to its catalogue ensures that TR Fastenings can compete on price, without compromising on the world-class service standards that have made TR a leader in the global market for industrial fastenings.

News from TR

PRESS RELEASE

The title sponsor of 'Let's Go Cuckoo' for the second year running is TR Fastenings, demonstrating our commitment to supporting children in the local community.

Last year's successful fundraising events achieved £5,000, This year the combined fundraising target for both charities, Broad Oak Pre-school (BOPS) and Friends of East Sussex Hospices is an ambitious £10,000.

TR and the charities are challenging local families and children to 'Let's Go Cuckoo!', a sponsored walk taking place on Sunday 10th July 2011 along part of The Cuckoo Trail to the 'The Cuckoo's Rest' pub in Hellingly.

Making it fun for all, there are two options, a 4-mile walk for 'The Strollers' and a 10-mile walk for 'The Stompers'. Both walks finish at The Cuckoo's Rest.

Other sponsors include Freeman Foreman; Appleby Petfield; Tesco (Hailsham); Keith Hunt Scaffolding Ltd; Thorne Civil Engineers; Webplacing and The Cuckoos Rest Public House in Hellingly

For more information visit www.letsgocuckoo.co.uk

TR Fastenings has achieved a 100% pass rate in its audit for the challenging AS9120 quality management system for aerospace and defence (A&D) product distributors. This standard includes ISO 9001:2000 quality management system (QMS) requirements and specifies additional requirements for quality management system (QMS) for the Aerospace industry.

While TR Fastenings maintains high standards of manufacturing and service quality across its global operations, it has nominated its facilities in Glasgow as a 'Centre of Excellence' for the A&D industry, with purpose built bonded stores conforming to the industry's requirements. TR's internal controls ensure that no parts can be ordered for customers in the A&D sector unless the supplier has satisfied TR's strict requirements for its unique supplier matrix.

As a member The Society of British Aerospace Companies (SBAC), TR shares a vision of '*Continuous Improvements*' in supply chain performance as a master key securing the competitiveness of the UK A&D sector.

TR Fastenings has been a pioneer in vendor managed inventory for small parts and components, offering services ranging from direct line feed to stock replenishment on demand that are designed to strip out costs and administration for customers. It will also manage the procurement and supply of customers' full range of category 'C' product and consumables as an 'added value' service.

TR has gained the respect of engineers throughout the world for its comprehensive online resources which offer dimension and performance data, engineering and tooling recommendations and product animations.

NEWS

TR HAD ANOTHER SUCCESSFUL YEAR AT FASTENER FAIR STUTTGART

Adam John, European Distributor Sales Manager and his team along with Geoff Budd, Managing Director for TR Fastenings UK and Ireland, manned the stand in February securing over 120 new sales leads.

Delegates were from the UK, European and American distribution industries along with visitors from the European high-tech electronics industry and home-appliance manufacturers.

TR promoted their self clinch fastener range with importance placed on high quality components and reliable delivery schedules – attributes that are fundamental to the TR service.

Fastener Fair, Stuttgart, is the premier event in the fastener and fixing industry calendar and is now Europe's largest fastener exhibition. This year, the event saw 8,300 visitors from all over the world visit the expo to discover and investigate the latest in fastener trends, industry updates and services available to the industry.

PRESS RELEASE

TR FASTENINGS HOSTS MINI GRAND PRIX

TR Fastenings is hosting the Uckfield Mini Grand Prix 2011 on Sunday 10 July.

The event in collaboration with Uckfield Community Technical College (UCTC) and Uckfield Rotary Club, will see 20 teams of children from 19 Primary schools racing kit cars to victory. TR Fastenings' car park will be transformed into the racing track, with chequered flag, winning podiums, cups and prizes and lots of fizzy lemonade to spray for the winning teams!

Usually TR Fastenings uses its expertise to supply fastenings to well known automotive companies such as Rolls Royce, but at this event Primary school children will be racing Greenpower Goblin Kit cars that they have made themselves. The Greenpower Goblin kit car is designed specifically to offer Year 5 and Year 6 pupils a chance to be involved in a simple, practical engineering project that embraces many relevant aspects of science and technology in a fun and exciting way.

The Mini Grand Prix starts at 11am with each car racing in two heats with each heat comprising a 12 lap relay race with six drivers. At the end of the 10 heats the cars are ranked on points and then go forward to one of five finals. The ultimate final consists of the top four cars and teams followed by the presentation of cups and prizes.

NEWS

TR OFFERS SPECIALIST TAMPER-PROOF SECURITY FASTENINGS

TR Fastenings offers a complete range of steel and stainless steel security fasteners designed with special heads that make removal impossible for anyone who does not have the right matching tools.

The concept is simple and a range of fasteners are available with a choice of pan, button, countersunk and hexagon heads. All are supplied with TR's assurance of quality and availability for delivery anywhere in the world.

With manufacturing bases and distribution hubs across UK, mainland Europe, the Americas and the Far East, TR can deliver products direct to manufacturing and assembly plants, wherever they are and with no risk of slippage in quality standards.

Taking your questions . . .

Q&A

Which sectors have been the key driver to your success or has a lot of it been 'self-help'?

Mostly it has been the 'self-help' I believe, but also we have addressed ourselves very strongly into the automotive T1 market and that has given us nearly 25% of our total sales for the UK and Europe

What do you consider TR's USP's? How do you benchmark yourselves?

Strangely enough it's our big multinational customers that tend to benchmark us. We have had feedback over the last 18 months from several very big multinationals who are globally operating across all the main Continents, they looked at us compared with other competitors, Our USP's – it's a combination of low cost manufacturing, distribution logistics anywhere in the world – we supply to over 50 countries, and the technical and design support that we are able to offer to customers in all three regions

Do you think by having a strong Asian presence, both in highly skilled manufacturing & serving the local markets gives you a competitive advantage?

Having manufacturing in Asia is now totally fundamental to our forward strategy in terms of increasing the strength of it, because so many of our large customers who are based in Asia are buying directly from our factories – they don't actually buy through our distribution network as they go for the lowest cost, so having that manufacturing which also offers the technical support to the customer is now totally vital

Tell us more about Lancaster Fastener and why it inspired the launch of TR Direct?

Well, Lancaster came into the Group in the '90s as an acquisition and still has the same management team now as it had then. They are specialist distributors to other distributors and their secret is in their stock management; the focus of their team is on the customer; all the staff there have between them, five different languages. They get the product out very quickly next-day delivery in Europe or the UK, and 48 hours in the US; its been such an amazing success the way it has consistently grown; we have now taken their business model and applied it to what we call 'TR Direct', which is the same business model but it's selling to end users rather than distributors, so to us it's a real jewel in the crown in the UK

How important is it for the Board to be visible and 'in touch' with operations?

In our view its very important, especially pre-2009 when the morale was so low, but it's always been our style to be visible, to tour around the locations as much as possible, to literally have an 'open door' policy – our office doors are left open so anyone can wander in, that's just our management style. We believe we should lead from the front and always be in a position to listen to our staff; you don't get all you need to know to run the business just by memos, emails and spreadsheets

What has happened to working capital?

To sustain ourselves in the early part of our return to the Company in 2009 to early 2010 our main lifeline was to sell stock to raise cash. This was done very successfully and we raised over £4 million in that period. Clearly, when we are back to growth we need to replenish our stock and this has been going to plan. We have increased our working capital in the year by about £5.5 million, but our stock weeks have come down from 23 to 22 which points to the fact that we are managing our stock more accurately, even though obviously we are investing in more to supply to new and growing customers

You refer in your statement to margin improvement, how?

A combination of factors leads to our aim to improve margins. Clearly, we got the top line up by 23%, now we are looking at what impact cost has in terms of raw materials, freight and foreign exchange. We are into long term contracts; in some cases we are re-negotiating where we can prove that we have a solid case for improving our margin or in fact stopping losses in some rare cases. Also, our efficiencies, looking at our logistics eg. we do too many van runs to a particular area? You name it we are looking at how we can make the Company lean without affecting customer service and goodwill

What is the Board's view in relation to its dividend policy going forward?

Having had a six-fold capital increase in the share price from March 2009 to April 2011, we now want to turn attention to when can we put forward a dividend, because we don't believe we are doing a proper job until we are giving some aspiration for capital growth, plus some yield. We're aiming to return at least to a nominal dividend in 2012

You are now approaching PHASE 3 of your strategy – "Reliably building on firm foundations", what are your aspirations over this next phase and how long until you achieve your goals?

When we came back in 2009 we indicated it would take three years to turn the Company, we are now just over two years into it. The focus on margin improvement, you know developing our buying, our vendor management, takes a while to run through. So we would expect to see the benefits in this next financial year start to show up. Meanwhile, we have had the best of the recession recovery and we still see organic growth going forward but not fast enough for our impatience. So, we will be looking at how we can build on to the existing Group typical companies that will add more weight to what we are doing, especially in Asia

"Trifast has clearly enjoyed the best global recovery in customer demand, which allows our strategy to develop market share to come into its own"

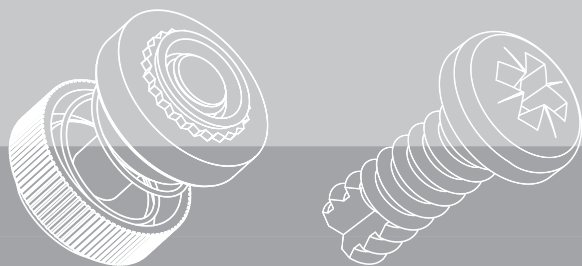
To watch visit:
www.trifast.com

Malcolm Diamond

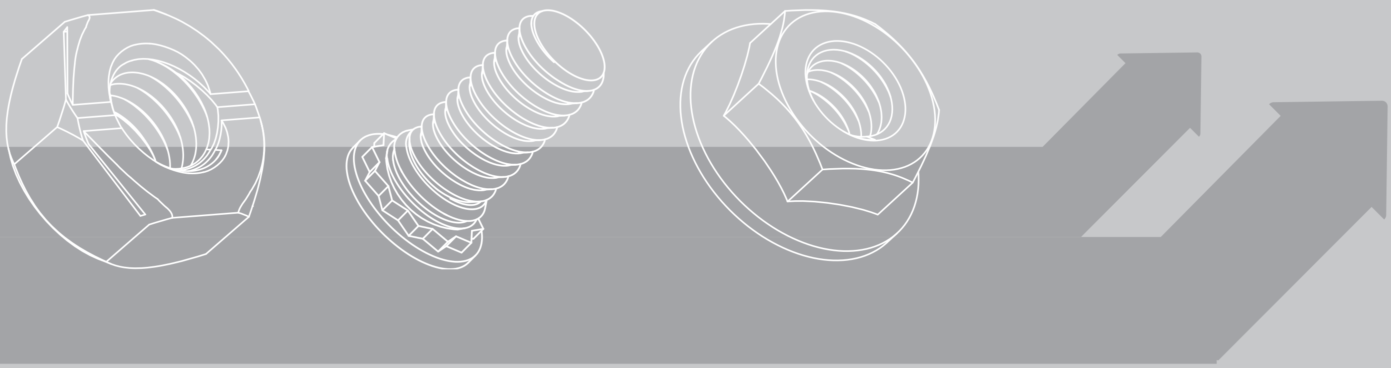
Governance

KEY POINTS

- The Independent Non Executive Directors have full access to the external auditors and to management and there is a formal procedure for Directors to obtain independent professional advice
- The Board undertakes annual evaluation of its own performance
- The Group has a website www.trifast.com, which is regularly updated
- The Group also works with City Specialists to ensure all levels of Shareholders receive Trifast information
- Our Corporate Social Responsibility Statement can be found on our website, www.trifast.com



Trifast plc



Board of Directors

Jim Barker
Chief Executive

- Reappointed on 18 March 2009
- Focused now on direct interaction with the key TR Country and Regional team leaders responsible for sales, purchasing and sourcing in order to sustain the strategic business recovery plan instigated in April 2009
- Succeeded Malcolm Diamond in 2002 as CEO (30 years' experience in fastener industry) and guided the development of TR until his retirement from TR in 2007
- Played a major role in the development of Trifast's international footprint particularly in Asia in both manufacturing and distribution, helping to underpin 'TR' as a leading brand within the industry
- Chairman of the British Association of Fastener Distributors
- British Representative of the European Fasteners Distributors Association

Malcolm Diamond MBE
Executive Chairman

- Appointed on 18 March 2009
- Retired from Trifast in 2002 following a successful career spanning over 20 years with the Company as CEO
- Malcolm was the principal driver of Trifast's founding strategic development, led the PLC listing in 1994 and achieved TR's objectives of improving market penetration and a strong global presence
- Now responsible for investor relations, and supporting the CEO with mentoring heads of Sales and Marketing, plus revising the TR USA business plan and directing its implementation
- Other directorships include Independent Director (NED) of Unicorn AIM VCT Investment Fund and Chairman of Cathedral Works Organisation Ltd

Mark Belton
Group Finance Director and Company Secretary

- Appointed to the Board on 16 June 2010
- Responsible for all aspects of Group finance, Company Secretariat and provides support to the TR operations
- Joined the European Operating Board in 2006
- Became Group Financial Controller and Company Secretary in 2004
- Appointed European Finance Controller in 2003
- Joined Trifast in 1999 and made Group Accountant in 2000
- Qualified as Chartered Accountant at KPMG in 1994

Geoff Budd
Managing Director TRF/Group Commercial Director

- Joined TR Fastenings in 1976
- Appointed Executive Member of the Board in 1986
- Extensive knowledge of the industry, European and Asian markets
- Recently reappointed Managing Director of TR Fastenings as well as fulfilling the role of Group Commercial Director
- Currently heading up TR's "Product Focused Sales" strategy drive
- Previously responsible for Group Manufacturing and Asia business
- Held a number of senior management positions in sales and purchasing

Seamus Murphy

Director of Operations, HR and IT

- Appointed to the Board on 16 June 2010
- Responsible for the on-going development and strategic direction of TR's European and US business with the objective of maximising operational efficiencies across the network
- Integrated Serco Ryan finance function in 2005, taking on the role as European Purchasing & IT Director within TR
- Qualified accountant with extensive commercial experience gained over 20 years in multi-site distribution
- Ten years as Finance Director at Serco Ryan, prior to the business being acquired by TR
- Seven years with British Steel Distribution

Glenda Roberts

Group Sales Director

- Appointed to the Board on 16 June 2010
- Her key focus is the further enhancement of the Sectors, in particular IT/ Electronics, and in the BRICS countries on new business development
- Glenda has more than 30 years of experience in the fastenings industry, from manufacturing through to distribution
- She has been with TR for 21 years, was the Global Account Director for eight years, and in 2010 she took on the role as Group Sales Director
- She has extensive experience working with multinationals globally, and has spent time working in China, Eastern Europe, Mexico and India as the newer markets emerged. The knowledge and skills she has gained in this time have enabled her to relaunch the TR Sales strategy in 2009, and refocus the Sales teams into the areas and industry sectors.

Neil Chapman

Senior Independent Director (NED)

- Appointed on 24 March 2009 as Senior Independent Director and Chairman of the Company's Audit Committee and Nominations Committee
- Former Senior Partner of KPMG's South East region
- Extensive experience across a variety of disciplines and sectors including technology, commercial and industrial products
- Other current roles include: Group Finance Director of Endeavour Holdings Ltd and Managing Director of Rivervale Cars Ltd

Jonathan Shearman

Independent Director (NED)

- Appointed on 1 July 2009 as Independent Director and Chairman of the Company's Remuneration Committee
- Extensive City experience having worked within the stockbroking and investment community for 15 years
- Other current consultancy roles in Investment Banking, IT and the Charitable sector

Directors' Report

The Directors present their Directors' Report and financial statements for the year ended 31 March 2011.

Results and proposed dividends

Total Group revenue from continuing operations was £106.09 million (2010: £85.94 million) and the profit for the year before taxation was £2.52 million (2010: loss of £2.81 million). Underlying profit before tax for the Group was £3.77 million (2010: profit £0.92 million); see note 2 for breakdown.

The Directors do not recommend a final dividend (2010: £nil).

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 and CEO's Statement and the Directors' Business Review. This includes that information to be included in the Directors' Report as required by the enhanced business review under s417 of the Companies Act 2006.

A balanced and comprehensive review of the development and performance of the Group and its position at the year end is given on page 8. An analysis of key performance objectives is given on page 20.

A description of the principal risks and uncertainties facing the Group is discussed on page 20.

A description of the main trends and factors likely to affect future development is given on page 20.

Information on environmental and social issues is provided on pages 52 to 53.

The key assumptions underlying the going concern basis of preparation are included on page 75.

Annual General Meeting

The Annual General Meeting will be held on 11 August 2011 at Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Policy and practice on payment on 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 57 (2010: 48) and 72 (2010: 74) for the Group.

Directors and directors' interests

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

Chairman

M M Diamond – (Executive Director)

Executive Directors

J C Barker – (Chief Executive Officer)
M R Belton – (Group Finance Director – appointed 16/06/10)
G P Budd
S V Murphy – (appointed 16/06/10)
G C Roberts – (appointed 16/06/10)

Independent Directors (Non Executive)

N S Chapman – (Senior Independent)
J Shearman

The Directors' remuneration and their interests in share capital are shown in the Remuneration Report on pages 59 to 63.

Substantial shareholdings

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

As at 30 April 2011, 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
Michael C Timms	10,000,000	11.73
Gartmore Investment Management *	9,190,554	10.78
Schroder Investment Management Limited	8,512,652	9.99
Fidelity Management Research	7,450,000	8.74
Michael J Roberts	5,960,000	6.99
Axa (Institutional Group)	5,315,800	6.24
River & Mercantile Asset Management	4,323,334	5.07
Universities Superannuation Scheme Ltd (USS)	3,498,618	4.10
Hermes Fund Managers Limited	3,316,432	3.89
Hargreave Hale Limited	2,605,000	3.06

* Now part of Henderson Global Investors Limited

Corporate Governance

The Corporate Governance Statement on pages 56 to 58 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 56 to 58. The Company's Articles of Association may only be amended by a Special resolution at a General Meeting of Shareholders.

The Company is a 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 60) 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.

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.

Political and charitable contributions

During the year the Group made no political donations (2010: £nil) and various charitable contributions totalling £0.03 million (2010: £0.02 million).

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Mark Belton
Company Secretary

Trifast House
Bellbrook Park
Uckfield
East Essex
TN22 21QW
31 May 2011

Company registered number: 1919797

Corporate Social Responsibility

Introduction

The Trifast Board and Management teams are now focusing increasing attention to delivering '*Continuous Improvement*' with regard to our objectives and performance measurables that is, how we approach CSR – both for individual business teams and locations and for the Group as a whole.

Our key Group topics embrace health & safety, energy consumption within our properties, 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.

It is worth noting that we have recently observed that several multinational customers now include CSR audits when inspecting and validating potential new suppliers; therefore, our responsibility for further developing our own CSR activities is now broadening beyond business ethics, environmental and community to include essential major customer compliance.

At local level we are encouraging the loaning of staff, vehicles or other relevant Company resources to local charities, youth organisations, hospices etc. in order to support their community activities. We feel that it adds more value, appreciation and satisfaction to all involved to give our time and "gifts in kind" wherever possible, rather than indulge in "cheque book charity".

TR is also reviving its former close links with local schools and colleges in order to promote opportunities for work experience, classroom seminars, pupil and staff visits and to generally foster a better level of understanding between us as potential employers and the future providers of possible applicants for employment.

Business Ethics

We expect all of our business activities to be conducted in accordance with high standards of ethical conduct and full compliance with all applicable national and international laws. We, in turn, apply these standards to all dealings with customers, suppliers, employees and 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.

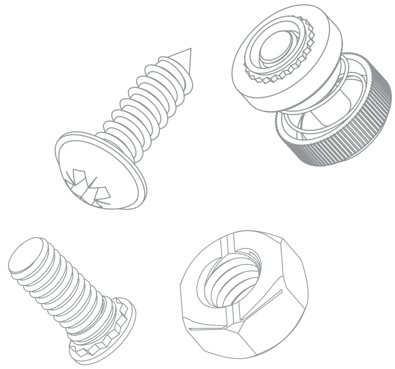
We have extended this Code to our vendors/suppliers. This requires our key strategic suppliers to work towards achieving, as a minimum, standards covering such issues as the environment, employee health & safety and the prohibition of child labour, which through business reviews and visits, encourages compliance and good practice within our supply chain.

We will do our utmost to contract only with sub-contractors or suppliers who themselves adhere to international human rights and environmental laws and practices. Trifast 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.

All key suppliers now have to agree and sign our comprehensive '*Quality and Sustainability Agreement*' before entering into a trading relationship with TR Fastenings. 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 persons 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 a separate CSR Statement.

Mini Grand Prix 2010
Photo courtesy of Ron Hill



Below is an extract from the TR Supplier Agreement:

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.

You can read more on TR's Corporate Social Responsibility (CSR) policy on our web site.

http://www.trifast.com/Company/Corporate_Social_Responsibility

TR Fastenings require all suppliers to sign a CSR statement (see appendix 1)

1.3 Health, Safety and Environmental Management

TR Fastenings run 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 audit, assess, 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.

Health & Safety

The Managing Directors/General Managers appointed by the Board have responsibility for the health & safety and environmental performance of their operational areas. They are assisted by the Health & Safety Manager. Trifast is committed to meeting all relevant health & safety legislation, regulation and Codes of Practice.

The Group Health & Safety Policy places responsibility for the management of health & safety on the individual business unit management who are supported by Health & Safety Advisers where necessary.

All business units provide employees with relevant comprehensive health & safety training and a written health & safety policy.

The Managing Directors/General Managers ensure regular inspections and annual internal audits of health & safety performance and also have regular designated health & safety training. These audits have been successfully reinforced by the use of the British Safety Council. Our health & safety performance and significant risk exposures are reviewed regularly by management and the Board.

We have now introduced a reportable accident free target period of one million working hours as a result of being encouraged by our current excellent safety record.

Health & Safety is a standard agenda item at all Main Board Meetings.

Corporate Social Responsibility
continued

Environment

Good environmental practice and the impact that our operations have on the environment are of great importance to Trifast. The main aim of Trifast'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. Trifast will communicate any significant environmental impact with third parties on request.

Our Fleet Manager now focuses only on manufacturers who can supply vehicles with below average carbon emissions.

Our Logistics Managers are also continuously reviewing 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 from 41 to 32 since March 2009, with a reduction of a further three planned by September 2011 – this will reduce mileage by a further 10,000 per month.

Clearly, this delivers the double benefit of cost and carbon emissions reduction.

The Bellbrook Park office and warehouse facility has been surveyed with regard to its 22-year old heating and air conditioning plant, which having exceeded its operational life expectancy is both failing and consuming an unacceptable level of electricity and gas costs. As a result, the Directors have authorised a part-overhaul/part-replacement plan that will repay its capital cost in energy savings within four years. This is a conservative estimate in our opinion, and we hope to report on the actual carbon footprint reduction in next year's Published Accounts.

Our Operations Director has investigated affordable yet practical video conferencing systems in order to reduce the need for such a high incidence of staff travel needed in a multi-site operation involving 31 business teams located in 16 countries. Such a system has now been identified and will be increasingly adopted throughout next year.

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 and auctions, dressing up days and the use of Company vehicles and 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.

Jim Barker, our CEO has instigated a new Apprenticeship scheme within the UK; a pilot scheme is planned in conjunction with Uckfield Community Technical College where TR will offer six selective places to students that have completed 'A' levels but cannot or will not be seeking a University Degree course. We fully subscribe to the Government initiative that aims to support and encourage businesses to offer apprenticeship schemes, especially at a time when the financial and career prospects for graduates have become more questionable of late. Whilst TR is proud of its very low staff turnover there is a pressing need to ensure that we encourage a steady inflow of "new blood" into our Company that can be trained at an early age to learn our systems, ethics and business culture.

Employees

Trifast continues to aim at attracting, retaining and motivating 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. All of these processes are reinforced with appropriate remuneration incentives and are on recognised systems.

As investors are aware, over the past two years, our staff have endured reorganisation in management and changes within some of our business teams to help regain profitability and productivity with extreme resilience and positivity. This underlines the Directors' admiration and confidence in the quality of character of so many of our people which, in turn, has driven our core policy of improving our HR resources with a dedicated IT system, shortly to 'go live', supported with new professional management.

Our staff have also experienced a long period of static pay levels, which is why the Board literally saved small cash sums on a monthly basis through the year in order to provide a flat rate nominal bonus for EU employees last Summer and at Christmas 2010. This at least went some way to easing inflationary pressure on disposable incomes for those at the lower end of the pay scale, and was generally very well received.

Communications

We aim to maintain a productive and open dialogue with all interested parties in our business including shareholders, customers, suppliers and employees. We have established customer relations, conduct customer satisfaction surveys, monitor and develop supplier performance and undertake regular employee surveys. We maintain our website as one of the main routes for providing information to interested parties and for contacting us.

The Board has devoted much effort into improving all aspects of TR's internal and external communications. The Chief Executive, Chairman and other Main Board Directors have re-introduced "**The TQM Tour**". This initiative involves a visit to each business location at least once a year in order to interact with the staff and to update them on the progress of the Group by explaining the Board's objectives and the business performance in some detail, and encouraging questions and feedback.

Our Group Marketing team, based in Uckfield, works in partnership around the Group, both at home and overseas. It designs and distributes multilingual material to support local market activities as well as internal news publications that help to keep our people informed, for example, new business wins, exhibitions plus job functions and profiles of colleagues around the globe (as shown here).

INSIDE TR

Spring 2011

REACH for the stars

MOVING MOUNTAINS

Brave or Stupid, A day in the life...?

TR has now engaged a Trade Public Relations Consultant to start feeding out product, Company and people stories to targeted media channels both print and digital. This historically always used to be an important element of our marketing mix but we had to wait for our financial budgeting to regain full strength for the next financial year before reinstating this essential support to promote the 'TR brand' and services mainly to the UK market.

Corporate Governance

Corporate Governance

With exceptions as highlighted below, the Company complied with the provisions of the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008 (as amended) ("the Combined Code").

The Board acknowledges Malcolm Diamond is a non-independent Executive Chairman which does not comply with the requirements of section A.2.2 of the Combined Code. However the Board believe that given Mr Diamond sits as Chairman and as 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 Section 1 of 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 five Executive Directors, two 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 Combined 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 nine times during the period with attendance as follows:

J C Barker	9
G P Budd	9
M M Diamond	9
N S Chapman	9
J Shearman	9
M R Belton (appointed 16 June 2010)	7
S V Murphy (appointed 16 June 2010)	7
G C Roberts (appointed 16 June 2010)	7

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

The Independent Non Executive Directors have full access to the external auditors 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. Further ad-hoc meetings of the Board are held as and when required. 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 Committees, as described below:

The Audit Committee

The Audit Committee's principal responsibilities are to assist the Board in reviewing and approving the company's financial statements including any significant financial judgments contained therein, monitoring the company's internal financial control and risk management systems and making recommendations to the Board with regard to the appointment and remuneration of the external auditor.

The Audit Committee's terms of reference include all matters indicated by the Disclosure and Transparency Rule 7.1 and the Combined Code.

It is Group policy to ensure auditor independence by carefully considering any non-audit work carried out by the auditors.

The Audit Committee comprises entirely of the Independent Non Executive Directors. It is chaired by Neil Chapman and has met three times in the year. During the period the Committee felt that, given the size of the Group, it was valuable having the Chairman, CEO and CFO attending the committee meetings. The external auditor also normally attends meetings. In addition there is at least one meeting a year where the Audit Committee meets the external auditors without executive management present.

The Committee is considered to be adequately qualified. The Chairman, a Fellow of the ICAEW was previously the senior partner of KPMG's South-East operation and now works in industry as a Group Finance Director.

The Remuneration Committee

The Remuneration Committee comprises the Independent Non Executive Directors and is chaired by Jonathan Shearman. The Committee meets as required during the year to review and determine the terms and conditions of employment of the Executive Directors and senior management, including levels of remuneration and other benefits. During the period, the Committee met on five occasions.

The Nominations Committee

The Nominations Committee comprises the Independent Non Executive Directors, the Chief Executive and the Chairman, and meets at least once a year. It is chaired by Neil Chapman, as Senior Independent Non Executive Director. The Committee is responsible for reviewing the Board structure, size and composition, and for nominating candidates for Executive and Non Executive positions. It will also ensure that any newly appointed Director receives a full and proper induction into the Company's affairs.

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, such as:

Arden Partners – Institutions
Citigate – Press, Analysts and Private Client Brokers
Edison – Analyst information available via the TR website

The members of the Audit, Remuneration and Nomination Committees will normally be available to speak to shareholders at the AGM. 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.

Internal control

The Combined Code requires that Directors review the effectiveness of the Group's system of internal controls which includes controls over financial, operational, compliance and risk management. The Audit Committee has reviewed the effectiveness of the system of internal control and reported its positive conclusions to the Board.

In addition, the Board takes required account of the significance of social, environmental and ethical matters in regard to the business of the Group and seeks to take an ethical view of its responsibilities in providing business opportunities.

Our Corporate Social Responsibility Statement can be found on our website, www.trifast.com.

The Board has overall responsibility for the Group's controls. However, such a system is designed to manage rather than eliminate the risk of failure in order to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss regarding:

- The safeguarding of assets against unauthorised use or disposition.
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.
- The key elements of the system are as follows:
- Full detailed reviews of the business risks undertaken as part of the on-going day-to-day procedures of the business.
- An organisational structure with clearly defined lines of responsibility and delegation of authority.
- Group policies for financial reporting, accounting, financial risk management, information security, capital expenditure appraisal and Corporate Governance are all well documented.
- Detailed annual budgets and rolling forecasts are prepared for all operating units and reviewed/approved by the Board.
- Performance against budget is monitored closely and material variances are reported to the Board on a monthly basis. Rolling forecasts are updated quarterly and reviewed accordingly.

Corporate Governance
continued

- The control system is operated with the full co-operation of all Company Directors. Risk assessments are done at all levels from local divisional right up to the Main Board with the summaries all being fed up to the Main Board for review.
- The Audit Committee deals with any significant control issues raised by the external auditors.
- Well structured reporting lines to the Board. There is a formal schedule of matters specifically reserved for decisions by the Board.
- Investment approval, controlled by the budgetary process with authorisation levels in place. Any single capital expenditure over £20,000 goes to the Board with detailed written proposals and financial analysis of expected returns.

A formalised internal review process 'Health Check' has been set up to routinely review the operational and financial controls within the Group. These reviews are conducted by senior personnel who are independent from the entity which is under review. Whilst the Board recognises that this does not constitute a fully independent internal audit function, it believes that due to the size of the Group, this process provides appropriate comfort as to the operational and financial controls in place.

The Board and Audit Committee continually review the effectiveness of the Group's internal control systems. No significant failings or weaknesses were identified as a result of this review process. As such, the Board and Audit Committee are comfortable that they meet the requirements of the Turnbull Report.

Directors' Remuneration Report

The Directors present the Remuneration Report for the year ended 31 March 2011. This Report has been prepared in accordance with Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the regulations"). The auditors are required to report on the 'auditable' part of this Report and to state whether, in their opinion, that part of the Report has been properly prepared in accordance with the Companies Act 2006 (as amended by the regulations). The Report is therefore divided into separate sections for audited and unaudited information. In accordance with schedule 18 of the Companies Act, this Report has been approved by the Board for approval by shareholders at the forthcoming Annual General Meeting.

Statement of Compliance

The Board has reviewed the Group's compliance with the Combined Code and it is their opinion that throughout the year, the Company complied with the Principles and Provisions on remuneration specified in the Combined Code.

Remuneration Committee

The objective of the Remuneration Committee ("the Committee") is to develop remuneration strategies that drive performance and provide levels of reward which reflect that performance, both for the Executive Directors and other key Executives. It is also responsible for reviewing the overall remuneration policy for all employees.

The Committee is composed entirely of Independent Non Executive Directors. Members have no day-to-day involvement in the running of the business and no personal financial interest in the Company other than that of shareholders. 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 page IBC of the Report and Accounts.

The Committee had five meetings during the year. All members of the Committee attended each meeting.

The Committee is advised on matters relating to Directors as required. It uses independent external advisors (see page IBC) as and when, to advise on remuneration matters.

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.

Remuneration Policy

In deciding on the levels of remuneration for Directors and senior managers, the comparative pay and employment conditions of employees across the Group are taken into account. In particular, the Committee takes into account the level of salary increases across the wider workforce when deciding upon any increases in remuneration for the Directors and senior management.

Actual remuneration to the Directors is shown in the table on page 63.

Components of Remuneration Package

In order to achieve the objectives of the Committee's policy on remuneration, the individual components of an Executive Director's remuneration package are determined as follows:

Base Salary

The policy of the Committee during the year ended 31 March 2011 was to set base salaries around the lower quartile of an appropriate comparator group.

Factors taken into account by the Committee when determining base salary levels are:

- Objective research based on a review of the remuneration in UK quoted companies with similar corporate attributes drawn from the following industry sectors:
  - Support Services
  - Engineering and Machinery
  - Electronic and Electrical Equipment
  - Engineering
- Experience and responsibilities of each Executive Director.
- Pay and conditions throughout the Group.

Salaries are reviewed annually in April. It is the intention of the Committee that base salaries will continue to be competitive with the comparator group.

Benefits

In line with other companies, potential 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 at a maximum 13.33 times earnings at date of death. This life cover provides a benefit in the form of a four times salary lump sum and a balance to buy a spouse's annuity. The provision of these benefits is in line with market practice.

Pension

Geoff Budd, Mark Belton, Glenda Roberts and Seamus Murphy 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 basic salary.

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

Annual Bonus Payment

In 2010, because of the financial performance of the Company, the Committee felt it inappropriate to implement a bonus scheme as part of overall executive compensation. However it was always the intention to review the position in 2011 with a view to balance the fixed and variable performance related compensation for the Executive Directors.

Directors' Remuneration Report
continued

Following an extensive exercise (including benchmarking with comparator companies), the Committee consulted with a number of the Company's largest shareholders who agreed that it was now appropriate to include a bonus element in the executive remuneration for 2011.

In arriving at a bonus scheme the Committee were mindful of the following considerations:

- The link between the fixed and variable element
- The desire to reward team rather than individual performance
- The desire to link maximum payouts to exceptional performance
- The financial performance of the Group
- The need to align the rewards with the interests of shareholders

The 2011 bonus scheme was therefore based on the premise of rewarding exceptional performance measured by reference to the earnings of the Group before interest and tax.

The 2011 bonus was capped at 60% of base salary with maximum payouts only for achieving exceptional performance. The Committee assessed that performance in 2011 justified a payout of 45% for each executive director participating in the scheme.

For 2011 Geoff Budd did not participate in the Bonus scheme.

For the year ending 31 March 2012 the Committee intends to use the same parameters but to increase the maximum amount payable to 100% of base salary.

Long-term Incentives

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.

Full details of the awards held by Executive Directors under the LTIP at the start of the year are contained in the audited section of this Report on page 63.

All Company Directors who held LTIP's waived their right to these rewards during the year.

The Executive Directors may also participate in the Trifast Savings Related Share Option Scheme that is open to all UK employees and is HMRC approved. The Scheme offers 3, 5 and 7-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).

Contracts

a) Executive Directors

During the year all Executive Directors had rolling service contracts as follows:

M M Diamond	6 months*
J C Barker	6 months*
G P Budd	6 months*
M R Belton	6 months*
S V Murphy	6 months*
G C Roberts	6 months*

* 12 months in the event of a change in control

The Board is confident that these rolling contracts with the respective contractual termination payments are appropriate for the business and in accordance with Best Practice Corporate Governance.

The dates of the Executive Directors contracts are:

M M Diamond	18 March 2009
J C Barker	18 March 2009
G P Budd	17 April 2003
M R Belton	16 June 2010
S V Murphy	16 June 2010
G C Roberts	16 June 2010

b) Independent Non Executive Directors

All Independent Non Executive Directors are paid fees for their services which are determined by the Board as a whole and reviewed against market levels on an annual basis. They are all on annual contracts which are reviewed each year; their original signing dates were as follows:

N S Chapman	24 March 2009
J Shearman	1 July 2009

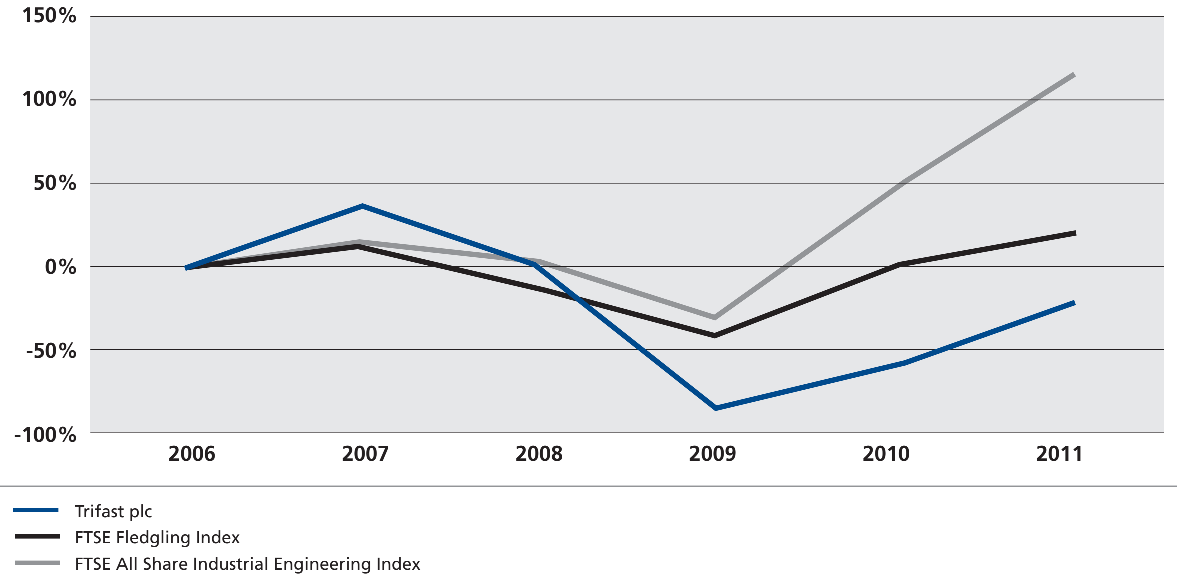
All Independent Non Executive Directors have 3-month notice periods (6 months in the event of a change in control) and no contractual termination payments.

Their 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.

c) Performance graph

In accordance with the Directors' Remuneration Report Regulations 2002, the graph below shows Trifast's total shareholder return compared with the FTSE Fledgling Index and the FTSE All-Share Industrial Engineering Index for the last 5 years. The Board considers these Indices to be a fair measure of the Company's performance against its competitors.

Total Shareholder Return from 31 March 2006



The Remuneration Report (including accompanying notes) was approved by the Board of Directors on 31 May 2011 and was signed on its behalf by:

Jonathan Shearman
Remuneration Committee

Notes to the Directors' Remuneration Report
(Information subject to audit)

The interests in the ordinary shares of 5p each in the Company of the Directors who held office at the end of the financial year were as follows:

	Number of shares	
	Interest at end of year	**Interest at beginning of year**
G P Budd	245,955	245,955
J C Barker	473,229	473,229
M M Diamond	493,800	493,800
N S Chapman	635,000	400,000
M R Belton	1,669	1,669
G C Roberts	2,280	2,280

There have been no changes to Directors' interests between the end of the financial year and the date of this report.

There were no non-beneficial interests.

The Directors retiring by rotation are Jim Barker, Geoff Budd and Jonathan Shearman who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Mark Belton, Seamus Murphy and Glenda Roberts were appointed to the Board on the 16 June 2010 and were duly elected at the previous AGM held on 21 September 2010.

The rights of the Directors who held office during the financial year to subscribe for ordinary shares of 5p each in the Company, including SAYE options, are as follows:

			Number of options			
	Date granted	Option Price £	At 31 March 2010	Options granted in the year	Options cancelled in the year	**At 31 March 2011**
G P Budd	30 Sept '09	0.085	500,000	–	–	**500,000**
	SAYE Options	0.170	53,382	–	–	**53,382**
J C Barker	30 Sept '09	0.085	2,000,000	–	–	**2,000,000**
M M Diamond	30 Sept '09	0.085	2,000,000	–	–	**2,000,000**
N S Chapman	30 Sept '09	0.085	150,000	–	–	**150,000**
M R Belton	30 Sept '09	0.085	500,000	–	–	**500,000**
	SAYE Options	0.170	53,382	–	–	**53,382**
G C Roberts	30 Sept '09	0.085	250,000	–	–	**250,000**
S V Murphy	30 Sept '09	0.085	200,000	–	–	**200,000**

No other Director has share options.

The options granted on 30 September 2009, are exercisable between September 2012 and September 2019 at an exercise price of £0.085 per share. These 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 (defined as underlying EBIT over Shareholders Funds and Net Debt). For 2011 ROCE was 8.7% (2010: 2.4%).

The market price of the ordinary shares at 31 March 2011 was £0.46 (2010: £0.23) and the range during the year was £0.23 to £0.53 (2010: £0.08 to £0.29).

The Company's register of Directors' interests, which is open to inspection, contains full details of Directors' shareholdings and options to subscribe.

There have been no other changes in the interests or rights to subscribe for shares of the Directors in the ordinary share capital of the Company since the end of the financial year.

LTIP Awards over shares of 5p each

At 31 March 2011, no Director of the Company held any LTIP awards.

March 2011 Name	**Fees £000**	**Salaries £000**	**Benefits in Kind £000**	**Bonus £000**	**Sub Total £000**	**Pension £000**	**Total £000**
Chairman							
M M Diamond	–	140	11	63	214	–	214
Executive Directors							
J C Barker (CEO)	–	175	11	79	265	–	265
G P Budd	–	150	1	–	151	30	181
M R Belton (GFD) – appointed 16/06/2010	–	87	10	49	146	17	163
S V Murphy – appointed 16/06/2010	–	79	10	45	134	16	150
G C Roberts – appointed 16/06/2010	–	79	9	45	133	16	149
Independent Non Executive Directors							
N S Chapman	38	–	–	–	38	–	38
J Shearman	35	–	–	–	35	–	35
Totals	73	710	52	281	1,116	79	1,195

March 2010 Name	Fees £000	Salaries £000	Benefits in kind £000	Sub total £000	Pension £000	Total £000
Chairman						
M M Diamond	–	100	–	100	–	100
Executive Directors						
J C Barker (CEO)	–	175	1	176	–	176
G P Budd	–	187	1	188	37	225
Independent Non Executive Directors						
N S Chapman	30	–	–	30	–	30
J Shearman – appointed 1/07/2009	18	–	–	18	–	18
Totals	48	462	2	512	37	549

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 judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 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; and
- 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.

On behalf of the Board

Mark Belton
Group Finance Director and Company Secretary

Independent Auditor's Report to the Members of Trifast plc

KPMG

KPMG Audit Plc
1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

We have audited the financial statements of Trifast plc for the year ended 31 March 2011 set out on pages 68 to 106. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This Report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 64, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

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 2011 and of the Group's profit for the year ended; and
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU; and
- 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; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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; or
- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our Audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

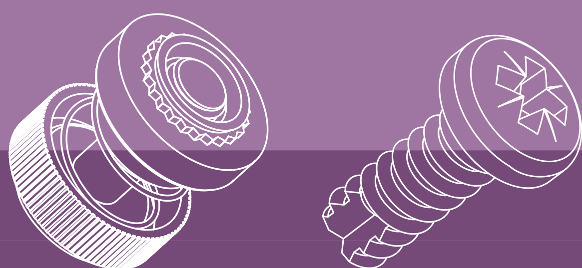
- the Directors' Statement, set out on page 64, in relation to going concern;
- the part of the Corporate Governance Statement on pages 56 to 58 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to Shareholders by the Board on Directors' remuneration.

P Alex Sanderson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
31 May 2011

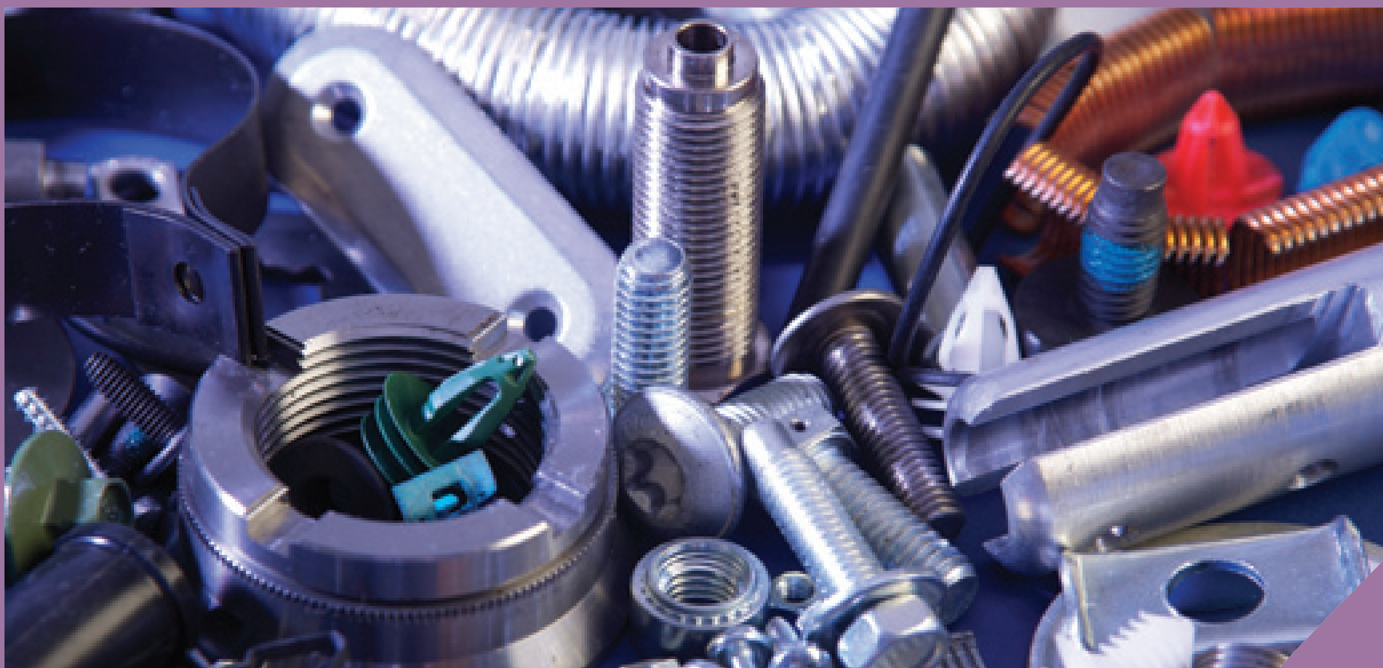
Financials

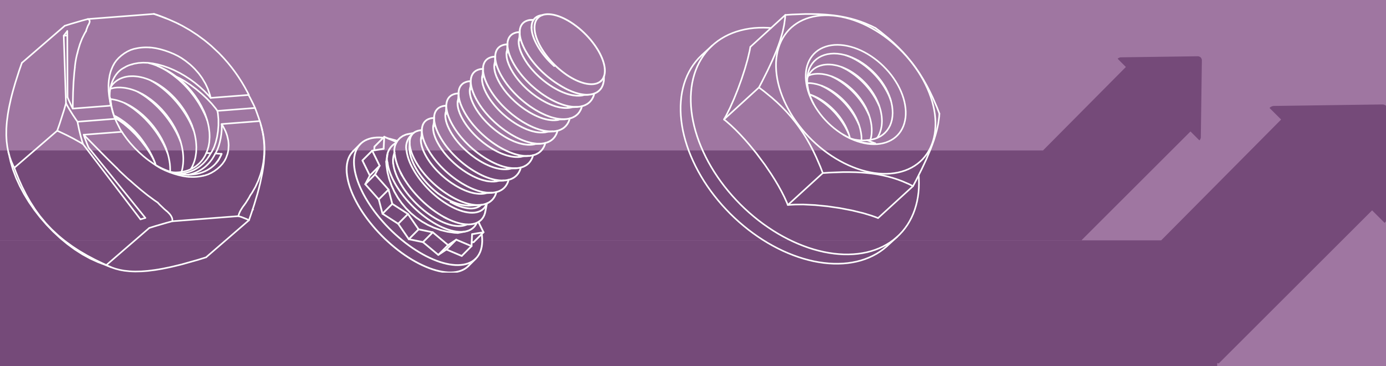
KEY POINTS

- Turnover up 23%
- Increase in stock year-on-year, supporting
  – General positive trading
  – New contract wins
  – Transactional sales (recently rebranded 'TR Direct')
- Despite growth, minimal rise in net debt
- Exceptionals
  – China – transfer of manufacturing to alliance partner
  – 'Rightsizing' elsewhere e.g. Scotland
- For the current year,
  – Expect profit to largely translate to cash and reduce debt
  – Plan in place for Forex



Trifast plc





Consolidated Income Statement
for year ended 31 March 2011

Continuing operations	Note	2011 £000	2010 £000
Revenue	3	**106,089**	85,935
Cost of sales		**(79,368)**	(64,927)
Gross profit		**26,721**	21,008
Other operating income before separately disclosed items		**207**	218
Sale of associate	2	**—**	332
Total other operating income	4	**207**	550
Distribution expenses		**(1,941)**	(2,146)
Administrative expenses before separately disclosed items		**(20,660)**	(18,015)
IFRS2 (charge)/credit	2, 22	**(189)**	143
Intangible amortisation	2, 12	**(261)**	(261)
Restructuring costs	2	**(801)**	(3,420)
Total administrative expenses		**(21,911)**	(21,553)
Operating profit/(loss)	5, 6, 7	**3,076**	(2,141)
Financial income	8	**27**	96
Financial expenses before separately disclosed items	8	**(581)**	(246)
Expense of changing banking facilities	2	**—**	(517)
Total financial expenses		**(581)**	(763)
Net financing costs		**(554)**	(667)
Profit/(loss) before tax	2, 3	**2,522**	(2,808)
Taxation	9	**(879)**	621
Profit/(loss) for the period (attributable to equity shareholders of the Parent Company)		**1,643**	(2,187)
Profit/(loss) per share (total)			
Basic	25	**1.93p**	(2.57p)
Diluted	25	**1.83p**	(2.57p)

Statements of Comprehensive Income

for year ended 31 March 2011

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Profit/(loss) for the year	**1,643**	(2,187)	**6,932**	4,530
Other comprehensive income:				
Foreign currency translation differences	**832**	42	**—**	—
Net (loss) on hedge of net investment in foreign subsidiary	**—**	(1)	**—**	—
Other comprehensive income recognised directly in equity net of income tax	**832**	41	**—**	—
Total comprehensive income/(expense) recognised for the year (attributable to the equity shareholders of the Parent Company)	**2,475**	(2,146)	**6,932**	4,530

Consolidated Statement of Changes in Equity
for year ended 31 March 2011

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2010	**4,262**	**12,167**	**8,999**	**14,753**	**40,181**
Total comprehensive income for the year:					
Profit for the year	—	—	—	1,643	1,643
Other comprehensive income:					
Foreign currency translation differences	—	—	832	—	832
Total other comprehensive income	—	—	832	—	832
Total comprehensive income recognised for the year	**—**	**—**	**832**	**1,643**	**2,475**
Transactions with owners, recorded directly in equity					
Share based payment transactions	—	—	—	189	189
Total transactions with owners	**—**	**—**	**—**	**189**	**189**
Balance at 31 March 2011	**4,262**	**12,167**	**9,831**	**16,585**	**42,845**

Consolidated Statement of Changes in Equity
for year ended 31 March 2010

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2009	**4,262**	**12,167**	**8,958**	**17,083**	**42,470**
Total comprehensive income for the year:					
Loss for the year	—	—	—	(2,187)	(2,187)
Other comprehensive income:					
Foreign currency translation differences	—	—	42	—	42
Net loss on hedge of net investment in foreign subsidiary	—	—	(1)	—	(1)
Total other comprehensive income	—	—	41	—	41
Total comprehensive income/(expense) recognised for the year	**—**	**—**	**41**	**(2,187)**	**(2,146)**
Transactions with owners, recorded directly in equity					
Share based payment transactions	—	—	—	(143)	(143)
Total transactions with owners	**—**	**—**	**—**	**(143)**	**(143)**
Balance at 31 March 2010	**4,262**	**12,167**	**8,999**	**14,753**	**40,181**

Company Statement of Changes in Equity

for year ended 31 March 2011

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2010	**4,262**	**12,167**	**1,521**	**(2,589)**	**15,361**
Total comprehensive income for the year:					
Profit for the year[1]	—	—	—	6,932	6,932
Other comprehensive income:					
Foreign currency translation differences	—	—	—	—	—
Net gain/(loss) on hedge of net investment in foreign subsidiary	—	—	—	—	—
Total other comprehensive income	—	—	—	—	—
Total comprehensive income recognised for the year	**—**	**—**	**—**	**6,932**	**6,932**
Transactions with owners, recorded directly in equity					
Share based payment transactions	—	—	—	189	189
Total transactions with owners	**—**	**—**	**—**	**189**	**189**
Balance at 31 March 2011	**4,262**	**12,167**	**1,521**	**4,532**	**22,482**

[1] Profit for the year includes £6.2 million of an investment impairment reversal.

Company Statement of Changes in Equity

for year ended 31 March 2010

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2009	**4,262**	**12,167**	**1,521**	**(6,976)**	**10,974**
Total comprehensive income for the year:					
Profit for the year	—	—	—	4,530	4,530
Other comprehensive income:					
Foreign currency translation differences	—	—	—	—	—
Net gain/(loss) on hedge of net investment in foreign subsidiary	—	—	—	—	—
Total other comprehensive income	—	—	—	—	—
Total comprehensive income recognised for the year	**—**	**—**	**—**	**4,530**	**4,530**
Transactions with owners, recorded directly in equity					
Share-based payment transactions	—	—	—	(143)	(143)
Total transactions with owners	**—**	**—**	**—**	**(143)**	**(143)**
Balance at 31 March 2010	**4,262**	**12,167**	**1,521**	**(2,589)**	**15,361**

72 Statements of Financial Position
at 31 March 2011

	Note	**Group 2011 £000**	Group 2010 £000	**Company 2011 £000**	Company 2010 £000
Non-current assets					
Property, plant and equipment	10, 11	**7,078**	7,740	**2,566**	2,624
Intangible assets	12, 13	**16,540**	16,358	**—**	—
Equity investments	14	**—**	—	**28,074**	21,874
Deferred tax assets	15, 16	**1,980**	2,046	**240**	—
Total non-current assets		**25,598**	26,144	**30,880**	24,498
Current assets					
Stocks	17	**25,116**	20,141	**—**	—
Trade and other receivables	18	**24,828**	20,458	**858**	1,397
Cash and cash equivalents	19, 26	**7,142**	7,420	**373**	2,176
Total current assets		**57,086**	48,019	**1,231**	3,573
Total assets	3	**82,684**	74,163	**32,111**	28,071
Current liabilities					
Bank overdraft	19, 26	**2**	—	**4,064**	6,524
Other interest-bearing loans and borrowings	20, 26	**13,283**	12,103	**1,333**	4,877
Trade and other payables	21	**20,625**	16,701	**3,232**	1,215
Tax payable		**1,054**	847	**—**	—
Provisions	23	**615**	841	**—**	—
Total current liabilities		**35,579**	30,492	**8,629**	12,616
Non-current liabilities					
Other interest-bearing loans and borrowings	20, 26	**1,000**	—	**1,000**	—
Provisions	23	**2,916**	3,144	**—**	—
Deferred tax liabilities	15, 16	**344**	346	**—**	94
Total non-current liabilities		**4,260**	3,490	**1,000**	94
Total liabilities	3	**39,839**	33,982	**9,629**	12,710
Net assets		**42,845**	40,181	**22,482**	15,361
Equity					
Share capital		**4,262**	4,262	**4,262**	4,262
Share premium		**12,167**	12,167	**12,167**	12,167
Reserves		**9,831**	8,999	**1,521**	1,521
Retained earnings		**16,585**	14,753	**4,532**	(2,589)
Total equity		**42,845**	40,181	**22,482**	15,361

These financial statements were approved by the board of Directors on 31 May 2011 and were signed on its behalf by:

Malcolm Diamond
Director

James Barker
Director

Statements of Cash Flows

for year ended 31 March 2011

		Group		Company	
	Note	**2011 £000**	2010 £000	**2011 £000**	2010 £000
Cash flows from operating activities					
Profit/(loss) for the year		**1,643**	(2,187)	**6,932**	4,530
Adjustments for:					
Depreciation, amortisation and impairment		**1,346**	1,329	**57**	87
Financial income		**(27)**	(96)	**(1)**	(2)
Financial expense		**581**	763	**156**	520
(Gain)/loss on sale of property, plant and equipment and investments		**(7)**	10	**—**	—
Dividends received		**—**	—	**(1,972)**	(5,289)
Investment impairment reversal		**—**	—	**(6,200)**	—
Equity settled share-based payment charge/(credit)		**189**	(143)	**155**	(105)
Gain on sale of associate		**—**	(332)	**—**	(332)
Taxation		**879**	(621)	**(335)**	(212)
Operating cash inflow/(outflow) before changes in working capital and provisions		**4,604**	(1,277)	**(1,208)**	(803)
Change in trade and other receivables		**(4,068)**	(1,983)	**573**	242
Change in stocks		**(4,683)**	3,748	**—**	—
Change in trade and other payables		**4,165**	1,599	**2,019**	113
Change in provisions		**(1,069)**	1,821	**—**	(667)
Cash (used)/generated from operations		**(1,051)**	3,908	**1,384**	(1,115)
Tax (paid)/recovered		**(630)**	119	**—**	—
Net cash (used)/from operating activities		**(1,681)**	4,027	**1,384**	(1,115)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**7**	13	**—**	—
Interest received		**27**	97	**1**	3
Proceeds from sale of associate		**—**	332	**—**	332
Acquisition of property, plant and equipment	10, 11	**(298)**	(220)	**—**	—
Dividends received		**—**	—	**1,972**	5,289
Net cash (used)/from investing activities		**(264)**	222	**1,973**	5,624
Cash flows from financing activities					
Proceeds from new loan	20, 26	**4,724**	12,103	**—**	4,877
Repayment of long term borrowings	20, 26	**(2,544)**	(14,818)	**(2,544)**	(11,581)
Interest paid		**(581)**	(620)	**(156)**	(444)
Net cash from financing activities		**1,599**	(3,335)	**(2,700)**	(7,148)
Net change in cash and cash equivalents		**(346)**	914	**657**	(2,639)
Cash and cash equivalents at 1 April	19	**7,420**	6,422	**(4,348)**	(1,709)
Effect of exchange rate fluctuations on cash held		**66**	84	**—**	—
Cash and cash equivalents at 31 March	19	**7,140**	7,420	**(3,691)**	(4,348)

Notes (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 £6.93 million, (2010: profit of £4.53 million).

Statement of Compliance

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

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

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

In these financial statements the following IFRSs and amendments have been adopted for the first time.

- *IFRS 3 Business Combinations (2008)* and consequential amendments to *IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, IAS 31 Interests in Joint Ventures, IFRS 2 Share-based Payment and IAS 38 Intangible Assets* — the amendments are effective prospectively. The amendments had no impact on the Company's or Group's result or financial position but will be effective for any future business combinations.

- *IAS 39 Financial Instruments: Recognition and Measurement (revised)* — the amendments had no impact on the Company's or Group's financial statements.

- Annual Improvements to *IFRS 2009, IFRIC 17 Distributions of Non-cash Assets to Owners, IFRIC 18 Transfers of Assets from Customers and amendments to IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of a Net Investment in a Foreign Operation, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IAS 7 Statement of Cash Flows, IAS 17 Leases, IAS 18 Revenue and IAS 36 Impairment of Assets* — these had no impact on the Company's or Group's financial statements.

IFRS not yet applied

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements. The following are those standards and interpretations that it is expected may have an impact on the Group's financial statements.

- *IFRS 7 Financial Instruments:* Disclosures has been amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments. This amendment will apply to the Group's 2012 financial statements but is not expected to have a material impact.

- *IFRIC 14 Prepayments of a Minimum Funding Requirement* has been amended to remove unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement (MFR). The amendment results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment will apply to the Group's 2012 financial statements but is not expected to have a material impact.

- *IFRS 7 Financial Instruments:* Disclosures has been amended for additional disclosures that are required over transfers of financial assets, e.g securitisations and should enable users to understand the possible effects of any risks that may remain with the transferor. This amendment will apply to the Group's 2013 financial statements but is not expected to have a material impact.

- *IFRS 9 Financial Instruments* has been amended to simplify the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. This is applicable for the Group's 2014 financial statements and will result in presentation and measurement changes to the financial instruments held in the balance sheet.

1 **Accounting policies** continued

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 on-going 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.

The repayment schedule of the Group term loan was extended in November 2010 and now requires the total loan to be repaid by 31st December 2012. The asset backed lending facility (max £14.20 million) has a three year term which ends February 2013. Current forecasts show that the Group has sufficient liquidity and headroom to continue to operate within these facilities.

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

c) Basis of consolidation

i) Subsidiaries

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

ii)Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup 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 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.

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

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	— 25% on a straight-line basis
Plant and machinery	— 10–20% per annum on a straight-line basis
Fixtures, fittings and office equipment	— 10–25% per annum on a straight-line basis

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

iii) Leased assets

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

iv) Subsequent costs

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

g) Intangible assets

i) 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.

1 **Accounting policies** continued

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 profit or loss 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	— 12.5% per annum

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).

j) Stocks

Stocks 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 stocks 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 stocks (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 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.

1 Accounting policies continued

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.

o) Employee benefits

i) Defined contribution plans

The Group operates Defined Contribution Pension Schemes which include stakeholder pension plans. The assets of these schemes are held separately from those of the Group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

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 a binomial lattice model, 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.

1 Accounting policies continued

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 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 Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense.

ii) 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 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).

t) Taxation

Tax on the profit or loss for the periods presented comprises current and deferred tax. Tax is recognised in the 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.

1 Accounting policies continued

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.

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 both 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	**2011 £000**	2010 £000
Underlying profit before tax		**3,773**	915
Separately disclosed items within other operating income:			
Sale of associate		**—**	332
Separately disclosed items within administrative expenses			
Restructuring costs		**(801)**	(3,420)
Intangible amortisation	12	**(261)**	(261)
IFRS 2 share-based payment (charge)/credit		**(189)**	143
Separately disclosed items within financial expenses:			
Expense of changing banking facilities		**—**	(517)
Profit/(loss) from continuing operations before tax		**2,522**	(2,808)

The 2011 restructuring costs of £0.80 million include £0.63 million in relation to moving our Chinese manufacturing plant in Suzhou out from the Free Trade Zone into local premises of one of our Strategic Alliance Partners.

The remaining £0.17 million refers to 'Right sizing' our portfolio of properties within the UK.

3 Operating segmental analysis

Segment information, as discussed above, 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/USA:	includes Norway, Sweden, Hungary, Southern Ireland, Holland, Poland, USA and Mexico
Asia:	includes Malaysia, China, Singapore and Taiwan

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 three distinct geographical regions, which the Board use to monitor and assess the Group.

3 Operating Segmental analysis continued

March 2011	**UK £000**	**Mainland Europe/ USA £000**	**Asia £000**	**Common Costs £000**	**Total £000**
Revenue					
Revenue from external customers	**57,125**	**21,509**	**27,455**	**—**	**106,089**
Inter segment revenue	**1,809**	**366**	**3,989**	**—**	**6,164**
Total revenue	**58,934**	**21,875**	**31,444**	**—**	**112,253**
Operating result before separately disclosed items and financing costs	**2,462**	**(50)**	**3,204**	**(1,289)**	**4,327**
Net financing costs	**(414)**	**4**	**11**	**(155)**	**(554)**
Segment result before separately disclosed items	**2,048**	**(46)**	**3,215**	**(1,444)**	**3,773**
Separately disclosed items (see note 2)					**(1,251)**
Profit before tax					**2,522**
Specific disclosure items					
Depreciation and amortisation	**260**	**65**	**555**	**318**	**1,198**
Assets and liabilities					
Segment assets	**34,693**	**10,256**	**31,497**	**6,238**	**82,684**
Segment liabilities	**(27,817)**	**(3,490)**	**(4,966)**	**(3,566)**	**(39,839)**

March 2010	UK £000	Mainland Europe/ USA £000	Asia £000	Common Costs £000	Total £000
Revenue					
Revenue from external customers	46,464	18,027	21,444	—	85,935
Inter segment revenue	1,154	271	2,596	—	4,021
Total revenue	47,618	18,298	24,040	—	89,956
Operating result before separately disclosed items	(548)	(343)	2,759	(803)	1,065
Net financing costs	(42)	2	28	(138)	(150)
Segment result before separately disclosed items	(590)	(341)	2,787	(941)	915
Separately disclosed items (see note 2)					(3,723)
Loss before tax					(2,808)
Specific disclosure items					
Depreciation and amortisation	318	49	615	347	1,329
Assets and liabilities					
Segment assets	27,799	8,608	29,249	8,507	74,163
Segment liabilities	(21,351)	(2,031)	(4,356)	(6,244)	(33,982)

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

There was no material difference in the UK, Europe Mainland and USA regions between the external revenue based on location of the entities and the location of the customers. Of the Asian external revenue, £2.53 million (2010: £2.01 million) was sold into the American market and £5.96 million (2010: £4.68 million) 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

	2011 £000	2010 £000
Sale of associate	—	332
Other	207	218
	207	550

5 Expenses and auditors' remuneration

Included in profit/(loss) for the year are the following:

	Note	2011 £000	2010 £000
Depreciation	10	937	1,068
Amortisation of acquired intangibles	12	261	261
Forex loss		642	524

Auditors' remuneration:

	2011 £000	2010 £000
Audit of these financial statements	38	34
Audit of financial statements of subsidiaries pursuant to legislation	142	139
Other services relating to taxation	26	53
Other services supplied pursuant to such legislation	12	12

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	
	2011	2010
Office and management	79	78
Manufacturing	235	213
Sales	120	118
Distribution	452	459
	886	868

The analysis of staff numbers for 31 March 2011 has been prepared on a slightly different basis to that which 2010 was originally presented. For consistency and comparability, the 2010 comparative numbers have been presented on a consistent basis.

The aggregate payroll costs of these persons were as follows:

	Group	
	2011 £000	2010 £000
Wages and salaries (including bonus)	17,963	16,140
Share-based payments	189	(143)
Social security costs	1,670	1,544
Other pension costs (see note 22)	1,104	1,105
	20,926	18,646

Notes (forming part of the Financial Statements) continued

7 Directors' emoluments

	2011 £000	2010 £000
Directors' emoluments	**1,116**	512
Company contributions to money purchase pension plans	**79**	37
	1,195	549

The emoluments of individual Directors are shown in the Remuneration Report on page 63.

The aggregate of emoluments of the highest paid Director was £265,000 (2010: £188,000), and Company pension contributions of £nil (2010: £37,000) were made to a money purchase scheme on his behalf.

	Number of Directors 2011	2010
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**4**	1
The number of Directors who exercised share options	**—**	—

See page 59 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

	2011 £000	2010 £000
Financial income	**27**	96
Financial expenses		
Interest payable on bank loans	**581**	246
Expense of changing banking facilities (note 2)	**—**	517
Total financial expenses	**581**	763

9 Taxation

Recognised in the income statement

	2011 £000	2010 £000
Current UK tax expense:		
Current year	—	—
Double taxation relief	—	—
	—	—
Current tax on foreign income for the year	968	790
Adjustments for prior years	(146)	(76)
	822	714
Total current tax	822	714
Deferred tax expense (note 15)		
Origination and reversal of temporary differences	(114)	(1,254)
Adjustments for prior years	171	(81)
	57	(1,335)
Tax in income statement from continuing operations	879	(621)

Reconciliation of effective tax rate ("ETR") and tax expense

	2011 £000	ETR %	2010 £000	ETR %
Profit/(Loss) for the period	1,643		(2,187)	
Tax from continuing operations	879		(621)	
Profit/(Loss) before tax	2,522		(2,808)	
Tax using the UK corporation tax rate of 28% (2010: 28%)	706	28	(786)	28
Tax suffered on dividends	118	5	94	(3)
Non-deductible expenses	109	4	168	(6)
IFRS 2 share option (credit)	(224)	(9)	(7)	—
Sale of associate	—	—	(93)	3
Deferred tax assets not recognised	328	13	343	(12)
Different tax rates on overseas earnings	(213)	(8)	(183)	6
Adjustments in respect of prior years	32	1	(157)	6
Tax rate change	23	1	—	—
Total tax in income statement	879	35	(621)	22

On 23 March 2011 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction on the deferred tax balances (Note 15) as at 31 March 2011 has been included in the figures above.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above.

10 Property, plant and equipment — Group

	Land and buildings £000	Leasehold improve-ments £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2009	6,247	740	10,156	3,992	246	21,381
Additions	—	24	98	91	7	220
Discontinued operations	—	(9)	(19)	(92)	(32)	(152)
Effect of movements in foreign exchange	45	(10)	114	(9)	(6)	134
Balance at 31 March 2010	6,292	745	10,349	3,982	215	21,583
Balance at 1 April 2010	6,292	745	10,349	3,982	215	21,583
Additions	—	55	189	54	—	298
Disposals	—	(128)	(259)	(20)	—	(407)
Effect of movements in foreign exchange	104	10	238	4	2	358
Balance at 31 March 2011	6,396	682	10,517	4,020	217	21,832
Depreciation and impairment						
Balance at 1 April 2009	1,441	521	7,265	3,381	167	12,775
Depreciation charge for the year	96	100	582	270	20	1,068
Disposals	—	(8)	(11)	(80)	(30)	(129)
Effect of movements in foreign exchange	13	(3)	119	3	(3)	129
Balance at 31 March 2010	1,550	610	7,955	3,574	154	13,843
Balance at 1 April 2010	1,550	610	7,955	3,574	154	13,843
Depreciation charge for the year	96	57	545	213	26	937
Disposals	—	(128)	(109)	(20)	—	(257)
Effect of movements in foreign exchange	26	8	188	6	3	231
Balance at 31 March 2011	1,672	547	8,579	3,773	183	14,754
Net book value						
At 1 April 2009	4,806	219	2,891	611	79	8,606
At 31 March 2010	4,742	135	2,394	408	61	7,740
At 31 March 2011	**4,724**	**135**	**1,938**	**247**	**34**	**7,078**

Included in the net book value of land and buildings are £3.30 million (2010: £3.35 million) of freehold land and buildings, and £1.42 million (2010: £1.39 million) of long leasehold land and buildings.

£6.40 million (2010: £6.29 million) 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.

11 Property, plant and equipment — Company

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost			
Balance at 1 April 2009 and 31 March 2010	3,497	750	4,247
Additions	—	—	—
Balance at 31 March 2011	3,497	750	4,247
Depreciation and impairment			
Balance at 1 April 2009	831	705	1,536
Depreciation charge for the year	54	33	87
Balance at 31 March 2010	885	738	1,623
Balance at 1 April 2010	885	738	1,623
Depreciation charge for the year	54	4	58
Balance at 31 March 2011	939	742	1,681
Net book value			
At 1 April 2009	2,666	45	2,711
At 31 March 2010	2,612	12	2,624
At 31 March 2011	**2,558**	**8**	**2,566**

Included in the net book value of land and buildings are £2.56 million (2010: £2.61 million) of freehold land and buildings.

£3.50 million (2010: £3.50 million) 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 (forming part of the Financial Statements) continued

12 Intangible assets — Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 2009	29,587	2,152	31,739
Effect of movements in foreign exchange	(476)	—	(476)
Balance at 31 March 2010	29,111	2,152	31,263
Balance at 1 April 2010	29,111	2,152	31,263
Effect of movements in foreign exchange	617	—	617
Balance at 31 March 2011	29,728	2,152	31,880
Amortisation and impairment			
Balance at 1 April 2009	14,404	955	15,359
Amortisation for the year	—	261	261
Effect of movements in foreign exchange	(715)	—	(715)
Balance at 31 March 2010	13,689	1,216	14,905
Balance at 1 April 2010	13,689	1,216	14,905
Amortisation for the year	—	261	261
Effect of movements in foreign exchange	174	—	174
Balance at 31 March 2011	13,863	1,477	15,340
Net book value			
At 1 April 2009	15,183	1,197	16,380
At 31 March 2010	15,422	936	16,358
At 31 March 2011	**15,865**	**675**	**16,540**

Other intangible assets are made up of customer relationships acquired as part of the acquisition of Serco Ryan Ltd. The remaining amortisation period of this asset is 2.5 years.

There were no impairments made during 2011 (2010: £nil).

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

	2011 £000	2010 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**9,370**	8,927
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
Other	**104**	104
	15,865	15,422

The Group tests goodwill annually for impairment. The recoverable amount of cash-generating units are 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 5 years based on actual operating results, budgets and economic market research. Beyond the finite period, a terminal (residual) value is estimated using an assumed stable cash flow figure.

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

12 Intangible assets — Group continued

The table below highlights the key assumptions:

	Taiwan		UK		Sweden	
	2011	2010	**2011**	2010	**2011**	2010
Pre-tax discount rate	**17%**	17%	**17%**	17%	**16%**	17%
Long-term growth rate	**4%**	4%	**3%**	3%	**2%**	2%

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.

Pre-tax risk adjusted discount rate

The discount rate applied to the cash flows of each of the Group's operations is based on 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 both 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 pre tax discount rates of 17% across the three CGU's. This reflects that certain components increase the discount rate in one region more than others, such as higher cost of debt in Asia. However, the slower recovery and automotive exposure in the UK & Sweden means a higher territorial premium has been applied. Overall, the Board is confident the pre-tax adjusted discount rates adequately reflect the circumstances in each region and are 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 values in use at 31 March 2011 of the Group's operations in Taiwan, UK and Sweden were £0.23 million, £13.31 million and £0.59 million above their respective carrying value and, consequently, any material adverse change in key assumptions would, in isolation, cause an impairment loss to be recognised.

The tables below show the revised assumptions used in the value in use calculations for Taiwan, UK and Sweden which must change in isolation in order for the estimated recoverable amount to be equal to its carrying value.

	Taiwan	UK	Sweden
Pre-tax adjusted discount rate	13.2%	21.3%	14.2%
Budgeted change in EBIT	1.8%	43.4%	15.9%
Long-term growth rate	3.7%	<0%	<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 £0.44 million increase in the goodwill of SFE refers to a foreign exchange gain, as the investment is held in Singapore dollars within TR Asia Investment Pte.

13 Intangible assets — Company

	Other £000
Cost	
Balance at 1 April 2009 and 31 March 2010	62
Balance at 31 March 2011	**62**
Amortisation and impairment	
Balance at 1 April 2009	62
Amortisation for the year	—
Balance at 31 March 2010	62
Balance at 1 April 2010	62
Amortisation for the year	—
Balance at 31 March 2011	**62**
Net book value	
At 1 April 2009	—
At 31 March 2010	—
At 31 March 2011	**—**

14 Equity investments
Company — investments in subsidiaries

	£000
Cost	
Balance at 1 April 2009 and 31 March 2010	35,959
Balance at 1 April 2010 and 31 March 2011	35,959
Provision	
Balance at 1 April 2009, 31 March 2010 and 1 April 2010	14,085
Reversal of impairment	(6,200)
Balance at 31 March 2011	7,885
Net book value	
At 1 April 2009	21,874
At 31 March 2010	21,874
At 31 March 2011	**28,074**

Following the improved performance of TR Fastenings Ltd (UK), the investment impairment of £6.20 million that was made in 2009 has been reversed.

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included on page 106.

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	
	2011 £000	2010 £000	**2011 £000**	2010 £000	**2011 £000**	2010 £000
Property, plant and equipment	**(226)**	(287)	**150**	317	**(76)**	30
Intangible assets	**—**	—	**175**	262	**175**	262
Stocks	**(225)**	(185)	**—**	—	**(225)**	(185)
Provisions/IFRS2	**(414)**	(141)	**62**	39	**(352)**	(102)
Tax value of loss carried forward	**(1,158)**	(1,705)	**—**	—	**(1,158)**	(1,705)
Tax (assets)/liabilities	**(2,023)**	(2,318)	**387**	618	**(1,636)**	(1,700)
Tax set-off	**43**	272	**(43)**	(272)	**—**	—
Net tax (assets)/liabilities	**(1,980)**	(2,046)	**344**	346	**(1,636)**	(1,700)

A potential £1.42 million (2010: £1.40 million) 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 £1.27 million (2010: £1.18 million) deferred tax asset relating to the Company's losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

	1 April 2010 £000	**Recognised in income £000**	**Recognised in translation reserve £000**	**31 March 2011 £000**
Property, plant and equipment	30	(115)	9	**(76)**
Intangible assets	262	(87)	—	**175**
Stocks	(185)	(39)	(1)	**(225)**
Provisions/IFRS 2	(102)	(253)	3	**(352)**
Tax value of loss carried forward	(1,705)	551	(4)	**(1,158)**
	(1,700)	57	7	**(1,636)**

Movement in deferred tax during the prior year

	1 April 2009 £000	Recognised in income £000	Recognised in translation reserve £000	31 March 2010 £000
Property, plant and equipment	97	(70)	3	30
Intangible assets	336	(73)	(1)	262
Stocks	(244)	60	(1)	(185)
Provisions/IFRS 2	(89)	(11)	(2)	(102)
Tax value of loss carried forward	(459)	(1,241)	(5)	(1,705)
	(359)	(1,335)	(6)	(1,700)

Notes (forming part of the Financial Statements) continued

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	
	2011 £000	2010 £000	**2011 £000**	2010 £000	**2011 £000**	2010 £000
Property, plant and equipment	**—**	—	**—**	114	**—**	114
Provisions/IFRS 2	**(240)**	(20)	**—**	—	**(240)**	(20)
Tax (assets)/liabilities	**(240)**	(20)	**—**	114	**(240)**	94
Tax set-off	**—**	20	**—**	(20)	**—**	—
Net tax liabilities	**(240)**	—	**—**	94	**(240)**	94

Movement in deferred tax during the year

	1 April 2010 £000	**Recognised in income £000**	**31 March 2011 £000**
Property, plant and equipment	114	(114)	**—**
Provisions/IFRS 2	(20)	(220)	**(240)**
	94	(334)	**(240)**

Movement in deferred tax during the prior year

	1 April 2010 £000	Recognised in income £000	31 March 2010 £000
Property, plant and equipment	352	(238)	114
Provisions/IFRS 2	(46)	26	(20)
	306	(212)	94

17 Stocks

	Group	
	2011 £000	2010 £000
Raw materials and consumables	**1,907**	1,625
Work in progress	**702**	749
Finished goods and goods for resale	**22,507**	17,767
	25,116	20,141

18 Trade and other receivables

	Group		Company	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Trade receivables	**23,474**	19,369	**—**	—
Non trade receivables and prepayments	**1,354**	1,089	**10**	2
Amounts owed by subsidiary undertakings	**—**	—	**848**	1,395
	24,828	20,458	**858**	1,397

19 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Cash and cash equivalents per balance sheet	**7,142**	7,420	**373**	2,176
Bank overdrafts per balance sheet	**(2)**	—	**(4,064)**	(6,524)
Cash and cash equivalents per cash flow statements	**7,140**	7,420	**(3,691)**	(4,348)

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.

			Current		Non-Current	
			2011	2010	**2011**	2010
Initial Loan Value	**Rate**	**Maturity**	**£000**	£000	**£000**	£000
Company						
Bridging loan £2.00m	Base +4.00%	2010	**—**	1,210	**—**	—
Term loan £4.00m	Libor +3.75%	2012	**1,333**	3,667	**1,000**	—
		1,333	**4,877**	1,000	**—**	
Other Group						
Asset based lending £14.20m (Maximum)	Base (+2.25% to 2.75%)	2013	**11,950**	7,226	**—**	—
			11,950	7,226	**—**	—
Total Group			**13,283**	12,103	**1,000**	—

The Company's bridging and term loan are secured by corporate guarantees and debentures over the Group's UK, Singapore and Swedish entities.

The asset based lending facility is secured over the receivables and stock of the Group's UK companies and the property of the Company. The amount available is dependant on the receivables and stock levels. Due to the revolving nature of this facility, it is shown as current on the Statement of financial position. However, the facility agreement runs until February 2013.

21 Trade and other payables

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Trade payables	**14,219**	12,124	**—**	—
Amounts payable to subsidiary undertakings	**—**	—	**2,590**	810
Non-trade payables and accrued expenses	**5,405**	3,864	**633**	403
Other taxes and social security	**1,001**	713	**9**	2
	20,625	16,701	**3,232**	1,215

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 £1.10 million (2010: £1.11 million) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pensions contributions of £0.08 million (2010: £0.06 million), 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:

	2011 Options	**2011 Weighted Average Exercise Price £**	2010 Options	2010 Weighted Average Exercise Price £
Outstanding at beginning of year	**8,840,161**	**0.13**	1,582,218	0.83
Granted during the year	**361,986**	**0.25**	8,512,488	0.11
Forfeited/lapsed during the year	**(253,396)**	**0.39**	(1,254,545)	0.85
Exercised during the year	**—**		—	
Outstanding at the end of the year	**8,948,751**	**0.13**	8,840,161	0.13
Exercisable at the end of the year	**131,185**	**0.55**	224,452	0.40

The options outstanding at 31 March 2011 had a weighted average remaining contractual life of 5.7 years (2010: 6.40 years) and exercise prices ranging from £0.085 to £0.91 (2010: £0.085 to £0.91).

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 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 2011	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk-Free rate %	Expected Annual dividend %	Fair value (£)
02/07/2003	Share Options	Binomial	37,000	0.640	0.650	48.21	3.00	3.00	3.50	2.50	0.20
27/09/2004	Share Options	Binomial	40,000	0.760	0.730	37.45	3.00	3.00	4.72	2.50	0.22
01/10/2004	7 year SAYE	Binomial	4,595	0.760	0.700	37.15	7.00	7.00	4.84	2.50	0.31
01/10/2005	5 year SAYE	Binomial	8,497	0.710	0.700	28.81	5.00	5.00	4.29	2.50	0.18
01/10/2005	7 year SAYE	Binomial	2,042	0.710	0.700	28.81	7.00	7.00	4.33	2.50	0.21
15/03/2005	Share Options	Binomial	7,000	0.830	0.830	29.24	3.00	3.00	4.85	2.50	0.13
01/10/2006	SAYE 5 year	Binomial	11,592	0.600	0.500	39.85	5.00	5.00	4.70	3.00	0.22
01/10/2006	SAYE 7 year	Binomial	2,736	0.600	0.500	39.85	7.00	7.00	4.66	3.00	0.30
1/10/2007	SAYE 3 year	Binomial	23,688	0.740	0.750	29.26	3.00	3.00	4.94	3.39	0.14
1/10/2007	SAYE 5 year	Binomial	9,605	0.740	0.750	29.26	5.00	5.00	5.00	3.39	0.17
1/10/2007	SAYE 7 year	Binomial	6,091	0.740	0.750	29.26	7.00	7.00	5.06	3.39	0.20
31/07/2008	LTIP	Monte Carlo	81,182	0.520	0.000	32.30	3.00	3.00	4.77	5.44	0.22
01/10/2008	SAYE 3 year	Binomial	61,405	0.370	0.450	34.02	3.00	3.00	4.02	7.67	0.04
01/10/2008	SAYE 5 Year	Binomial	45,567	0.370	0.450	34.02	5.00	5.00	4.17	7.67	0.04
01/10/2008	SAYE 7 Year	Binomial	25,591	0.370	0.450	34.02	7.00	7.00	4.31	7.67	0.04
30/09/2009	Share Options	Monte Carlo	5,950,000	0.280	0.085	53.54	3.00	3.00	1.94	3.32	0.09
01/10/2009	SAYE 3 Year	Binomial	1,475,455	0.280	0.170	45.44	3.00	3.00	1.83	3.38	0.11
01/10/2009	SAYE 5 Year	Binomial	638,457	0.280	0.170	45.44	5.00	5.00	2.58	3.38	0.12
01/10/2009	SAYE 7 Year	Binomial	222,444	0.280	0.170	45.44	7.00	7.00	3.09	3.38	0.12
01/10/2010	SAYE 3 Year	Binomial	221,760	0.370	0.250	47.86	3.00	3.00	1.11	1.36	0.16
01/10/2010	SAYE 5 Year	Binomial	128,544	0.370	0.250	47.86	5.00	5.00	1.83	1.36	0.18
01/10/2010	SAYE 7 Year	Binomial	11,682	0.370	0.250	47.86	7.00	7.00	2.43	1.36	0.20

22 Employee benefits continued

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 a total charge of £0.19 million and a credit of £0.14 million in relation to equity-settled share-based payment transactions in 2011 and 2010 respectively.

As at 31 March 2011, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
07/08/01/Executive	15,000	Aug 2004–Aug 2011
02/07/03/Executive	37,000	Jul 2006–Jul 2013
27/09/04/Executive	40,000	Sep 2007–Sep 2014
21/10/04/SAYE	4,595	Oct 2009, 2011
15/03/05/Executive	7,000	Mar 2008–Mar 2015
01/10/05/SAYE	10,539	Oct 2010, 2012
01/10/06/SAYE	14,328	Oct 2009, 2011, 2013
01/10/07/SAYE	39,384	Oct 2010, 2012, 2014
01/10/08/SAYE	132,563	Oct 2011, 2013, 2015
01/10/09/SAYE	2,336,356	Oct 2012, 2014, 2016
30/09/10/Executive	5,950,000	Sep 2012–Sep 2019
01/10/10/SAYE	361,986	Oct 2013, 2015, 2017
	8,948,751	

In accordance with IFRS1, transitional provisions, share option arrangements granted before 7 November 2002 have not been included in the IFRS 2 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 1 April 2010	2,782	1,203	3,985
Provisions made during the year	169	147	316
Provisions utilised during the year	(729)	(41)	(770)
Balance at 31 March 2011	**2,222**	**1,309**	**3,531**

The restructuring provision relates to onerous leases arising from 'Right-sizing' our portfolio of properties within the UK — see note 2.

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

Group	Restructuring costs £000	Dilapidations £000	2011 Total £000	2010 Total £000
Non-current (greater than 1 year)	1,729	1,187	**2,916**	3,144
Current (less than 1 year)	493	122	**615**	841
Balance at 31 March	2,222	1,309	**3,531**	3,985

In respect of the Company there are no provisions (2010: £nil).

24 Capital and reserves

Capital and reserves — Group and Company

See Statements of Changes in Equity on pages 70 to 71.

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

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

Share capital

	Number of Ordinary shares	
	2011	2010
In issue at 1 April	**85,246,086**	85,246,086
Shares issued	**—**	—
In issue at 31 March – fully paid	**85,246,086**	85,246,086

	2011 £000	2010 £000
Authorised		
Ordinary shares of 5p each	**10,000**	10,000
Allotted, called up and fully paid		
Ordinary shares of 5p each	**4,262**	4,262

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:

	2011 £000	2010 £000
Final paid 2010 — nil p (2009: nil p) per qualifying ordinary share	**—**	—
Interim paid 2011 — nil p (2010: nil p) per qualifying ordinary share	**—**	—
	—	—

After the balance sheet date no final dividend per qualifying ordinary share was proposed by the Directors (2010: nil p).

	2011 £000	2010 £000
Final proposed 2011 — nil p, (2010: nil p) per qualifying ordinary share	**—**	—

Notes (forming part of the Financial Statements) continued

25 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2011 was based on the profit attributable to ordinary shareholders of £1.64 million (2010: loss of £2.19 million) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2011 of 85,246,086 (2010: 85,246,086), calculated as follows:

Weighted average number of ordinary shares

	2011	2010
Issued ordinary shares at 1 April	**85,246,086**	85,246,086
Effect of shares issued	**—**	—
Weighted average number of ordinary shares at 31 March	**85,246,086**	85,246,086

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2011 was based on profit attributable to ordinary shareholders of £1.64 million (2010: loss of £2.19 million) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2011 of 89,727,953 (2010: 86,262,349), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2011	2010
Weighted average number of ordinary shares at 31 March	**85,246,086**	85,246,086
Effect of share options on issue	**4,481,867**	1,016,263
Weighted average number of ordinary shares (diluted) at 31 March	**89,727,953**	86,262,349

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.

		2011 EPS			2010 EPS	
EPS (Total)	**Earnings £000**	**Basic**	**Diluted**	Earnings £000	Basic and Diluted[1]	Adjusted Diluted[2]
Profit/(loss) for the financial year	**1,643**	**1.93p**	**1.83p**	(2,187)	(2.57p)	(2.54p)
Separately disclosed items:						
Intangible amortisation	**261**	**0.31p**	**0.29p**	261	0.31p	0.30p
Sale of associate	**—**	**—**	**—**	(332)	(0.39p)	(0.38p)
Restructuring costs	**801**	**0.94p**	**0.89p**	3,420	4.01p	3.97p
IFRS 2 Share option	**189**	**0.22p**	**0.21p**	(143)	(0.17p)	(0.17p)
Tax charge on adjusted items	**(174)**	**(0.20p)**	**(0.19p)**	(958)	(1.12p)	(1.11p)
Adjusted	**2,720**	**3.20p**	**3.03p**	61	0.07p	0.07p

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).

[1] The diluted loss per share in 2010 is equal to the basic loss per share of (2.57p) as IFRS does not allow loss per share to be reduced by the effect of share options in issue.

[2] However, the adjusted earnings per share in 2010 does need to reflect the dilutive effect of these share options and is therefore reconciled to non-adjusted loss per share in the tables above.

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 £23.47 million (2010: £19.40 million), 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 (2010: £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 £1.11 million (2010: £0.84 million). This represents 5% 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:

	2011 £000	2010 £000
Balance at 1 April	**(640)**	(921)
Impairment movement	**(182)**	281
Balance at 31 March	**(822)**	(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.

As at 31 March 2011, the Group had an outstanding term loan of £2.33 million, which expires on December 2012 and is secured by Corporate guarantees and debentures over the Group's UK, Singapore and Swedish entities.

It also had an Asset Based Lending facility (currently £14.20 million) available, secured over the receivables and stock of the Groups UK Subsidiaries and the property of the Holding Company.

26 Financial instruments continued

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.
Cash flow cover: Adjusted cash flow to Debt Service to exceed a ratio of one.

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; however, the Group continues to have positive discussions with its banks about its future borrowing needs and no matters have been drawn to its attention to suggest that on-going renewed facilities may not be forthcoming on acceptable terms.

Interest risk

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

The Company has taken out a 3% Fixed Cap interest rate hedging instrument for 3 years to protect the Group against interest rate fluctuations on the new asset based lending and term loans.

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.

	2011				2010		
Company	**Effective interest rate %**	**Total £000**	**0 to <1 year £000**	**1 to 2 years £000**	Effective interest rate %	Total £000	0 to <1 year £000
Cash and cash equivalents	**—**	**373**	**373**	**—**	—	2,176	2,176
Secured bank loans	**4.25**	**(2,333)**	**(1,333)**	**(1,000)**	4.37	(4,877)	(4,877)
Bank overdrafts	**—**	**(4,064)**	**(4,064)**	**—**	—	(6,524)	(6,524)
Total Company		**(6,024)**	**(5,024)**	**(1,000)**		(9,225)	(9,225)
Group							
Cash and cash equivalents	**—**	**7,142**	**7,142**	**—**	—	7,420	7,420
Secured bank loans	**3.53**	**(14,283)**	**(13,283)**	**(1,000)**	3.91	(12,103)	(12,103)
Bank overdrafts	**—**	**(2)**	**(2)**	**—**	—	—	—
Total Group		**(7,143)**	**(6,143)**	**(1,000)**		(4,683)	(4,683)

All assets and liabilities bear interest at a floating rate and are therefore due to change within one year.

Sensitivity analysis

A change of 1% point in interest rates at the balance sheet date would change equity and profit and loss by £0.14 million (2010: £0.12 million). 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.

26 Financial instruments continued

(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 rates.

Hedge of net investments in foreign entities

Included in interest-bearing loans at 31 March were the following amounts, which had been designated as hedges of net investments in the Group's subsidiaries in Europe and were used to reduce the exposure to foreign exchange risk.

	Amount Recognised in Equity	
	2011	2010
Borrowings in local currency	**£000**	£000
SEK 750,000	**—**	1

(Gains) or losses on the retranslation of these borrowings were transferred to equity to offset any gains or losses on retranslation of the net assets in subsidiaries.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments, held in non-functional currencies.

31 March 2011	**Sterling £000**	**Euro £000**	**US dollar £000**	**Total £000**
Cash and cash equivalents	**95**	**2,116**	**1,556**	**3,767**
Balance sheet exposure	**95**	**2,116**	**1,556**	**3,767**

31 March 2010	Sterling £000	Euro £000	US Dollar £000	Total £000
Cash and cash equivalents	155	1,416	3,595	5,166
Balance sheet exposure	155	1,416	3,595	5,166

26 Financial instruments continued

Sensitivity analysis

Group

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

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

	Equity & Profit or Loss	
	2011 £000	2010 £000
US dollar to sterling	**(15)**	(36)
Euro to sterling	**(21)**	(14)

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.

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 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

	2011 £000	2010 £000
Cash and cash equivalents (note 19)	**7,140**	7,420
Borrowings (note 20)	**(14,283)**	(12,103)
Net debt	**(7,143)**	(4,683)
Equity	**(42,845)**	(40,181)
Capital	**(49,988)**	(44,864)

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	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Less than one year	**2,205**	2,355	**41**	67
Between two and five years	**4,638**	4,953	**21**	30
More than five years	**1,537**	2,215	**—**	—
	8,380	9,523	**62**	97

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 (2010: £nil). The Group has recognised a provision of £2.16 million (2010: £2.49 million) in respect of onerous leases which is included within the restructuring provision. (See note 23).

Group

During the year £2.17 million was recognised as an expense (2010: £2.41 million) in the income statement in respect of operating leases.

Company

During the year £0.09 million (2010: £0.08 million) 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 overdrafts with five subsidiaries. The amount outstanding at the end of the year was £4.30 million (2010: £6.34 million).

(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 2010 to 31 March 2011, 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 £0.19 million (2010: credit of £0.14 million).

Transactions with Director's and Director's close family relatives

During the year a relative of the Chairman provided IT/Marketing consultancy services totalling £16,000 (2010: £4,000) on an arm's length basis and terms similar to other third party suppliers. The outstanding balance at 31 March 2011 was £2,000 (31 March 2010: £1,000).

Related Party Transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included on page 106.

Notes (forming part of the Financial Statements) continued

29 Related parties (Group and Company) continued

Company Related Party Transactions — Income/Expenditure

	Income Rent £000	Income Mgt Fees £000	Income Total £000	Expenditure Mgt Fees £000
TR Fastenings Ltd	196	667	863	150
TR Southern Fasteners Ltd	—	24	24	—
TR Norge AS	—	32	32	—
TR Fastenings AB	—	44	44	—
TR Miller BV	—	41	41	—
Lancaster Fastener Co Ltd	—	28	28	—
TR Hungary Kft	—	35	35	—
TR Asia Investments Pte Ltd	—	229	229	—
TR Fastenings Inc	—	35	35	—
	196	1,135	1,331	150

Company Related Party Transactions — Receivable/Payable

	Balances Receivable Trade Receivables £000	Balances Payable Trade Payables £000
	470	23
TR Fastenings Ltd	2	—
TR Southern Fasteners Ltd	3	—
TR Norge AS	4	—
TR Fastenings AB	7	—
TR Miller BV	30	—
Lancaster Fastener Co Ltd	21	—
TR Hungary Kft	59	—
TR Asia Investments Pte Ltd	3	—
Dormant Subsidiaries	—	267
Trifast Overseas Holdings Ltd	—	2,300
Trifast Holdings BV	244	—
TR Fastenings Poland Sp Zoo	5	—
	848	2,590

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 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 12.

- 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.

Notes (forming part of the Financial Statements) continued

32 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					
Trifast Overseas Holdings Ltd	United Kingdom	£109	Holding Company	100%	100%
TR Fastenings Ltd	United Kingdom	£10,200	Manufacture and distribution of fastenings	100%	—
TR Southern Fasteners Ltd	Republic of Ireland	€254	Distribution of fastenings	100%	—
TR Norge AS	Norway	NOK 300,000	Distribution of fastenings	100%	—
TR Miller Holding B.V.	Holland	€45,378	Distribution of fastenings	100%	—
Lancaster Fastener Company Ltd	United Kingdom	£40,000	Distribution of fastenings	100%	—
TR Fastenings AB	Sweden	SEK 1,500,000	Distribution of fastenings	100%	—
TR Hungary Kft	Hungary	HUF 3,000,000	Distribution of fastenings	100%	—
TR Fastenings Poland Sp. Z o.o	Poland	PLN 50,000	Distribution of fastenings	100%	100%
Asia					
TR Asia Investment Holdings Pte Ltd	Singapore	S$4	Holding Company	100%	—
TR Formac Pte Ltd	Singapore	S$315,000	Manufacture and distribution of fastenings	100%	—
TR Formac (Malaysia) SDN Bhd	Malaysia	M$480,000	Manufacture and distribution of fastenings	100%	—
TR Formac (Shanghai) Pte Ltd	China	US$200,000	Distribution of fastenings	100%	—
Special Fasteners Engineering Co Ltd	Taiwan	NT$100,000,000	Manufacture and distribution of fastenings	100%	—
TR Formac (Suzhou) Co. Ltd	China	US$2,000,000	Manufacture and distribution of fastenings	100%	—
TR Formac Fastenings Private Ltd	India	RS 100,000	Distribution of fastenings	100%	—
Americas					
TR Fastenings Inc.	USA	US$1,168,063	Distribution of fastenings	100%	100%

A full list of the Group companies will be included in the Company's annual return.

There were no changes in ownership during the year.

Company Details

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e-mail: corporate.enquiries@trifast.com
Website: www.trifast.com

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Neil Chapman (Chairman)
Jonathan Shearman

Remuneration Committee

Jonathan Shearman (Chairman)
Neil Chapman

Nominations Committee

Neil Chapman (Chairman)
Malcolm Diamond
Jim Barker
Jonathan Shearman

Company Secretary

Mark Belton

ADVISERS

Registered Auditors

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Corporate Stockbroker

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Trifast plc

Forward-Looking Statements

This document contains certain forward-looking statements. The forward-looking statements 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 events that may occur in the future thereby involving a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company.

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