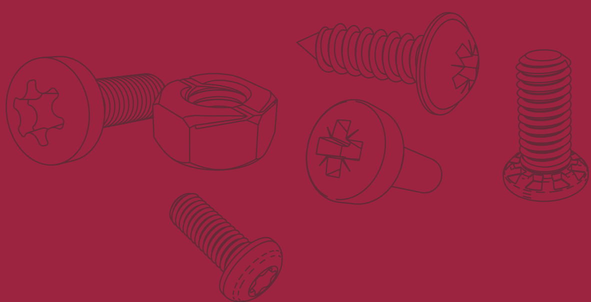
Trifast plc

Annual Report

for the year ended 31 March 2013



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What's in our Report

The Group majors on the design, manufacture and distribution of mechanical fasteners on a global basis to both distributors and OEM assemblers.

This competitive combination has fuelled sales and geographic expansion over the past two decades.

Today, *TR* has 5,000 customers and has attained 'Preferred Vendor' status with over 30 global customers.


Automotive


Distributors


Home Appliances


Electronics

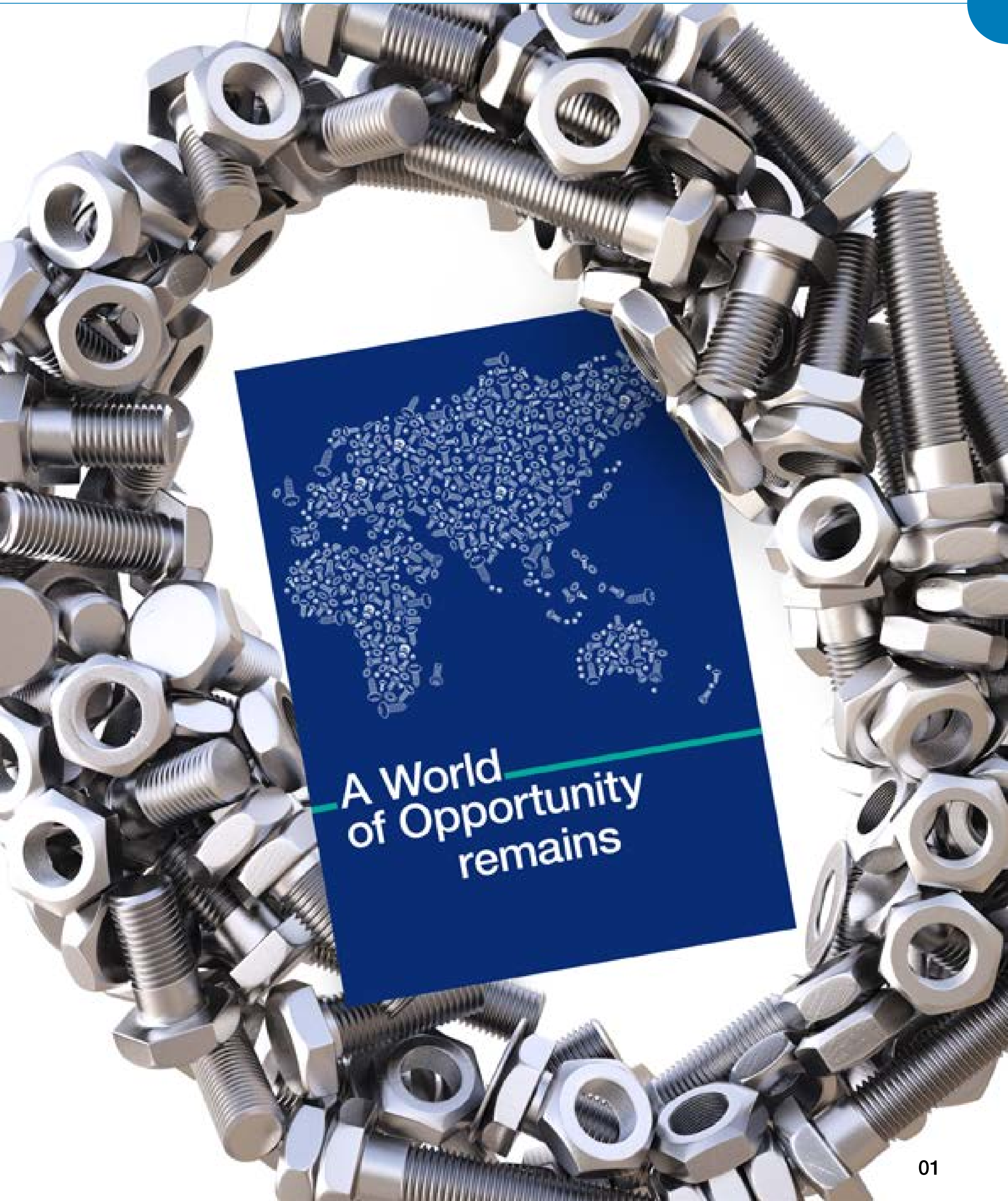
"The Board would like to thank our colleagues from around the Group who have contributed to this publication"

Jim Barker
Chief Executive

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

For information about **key markets** see page 09

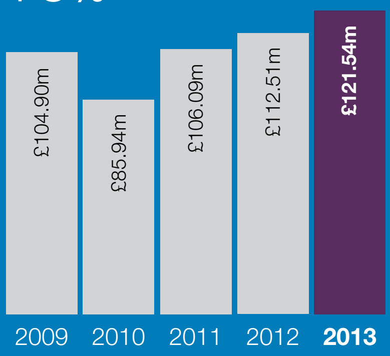
Read more content online at **www.trifast.com**


A World
of Opportunity
remains

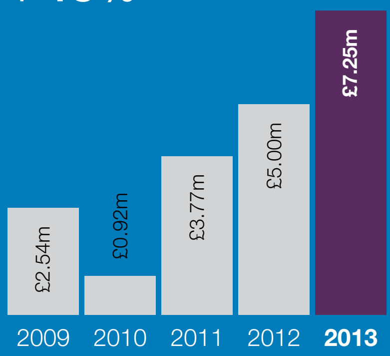
Highlights

Financial Highlights

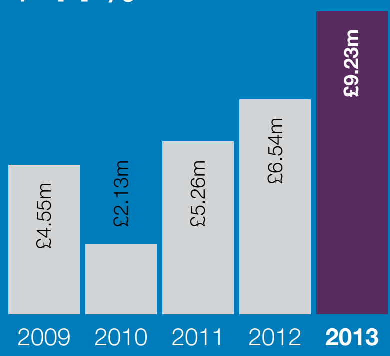
Revenue
£121.54m
↑8%



Underlying pre-tax profit*
£7.25m
↑45%



EBITDA*
£9.23m
↑41%



Operational Highlights

- International sales growth
- New business wins
- New plastics and cable management products
- Licences for Philips Screw Co. and Acument
- Expansion of facilities
- New trading links in new territories

"The Board remains very optimistic that the phrase a 'World of Opportunity' initiated last year is gathering momentum"

Malcolm Diamond MBE
Executive Chairman

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

Chairman's Message

30 July 2013

Trifast plc
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Dear Shareholder,

What a difference a year makes, when, as in the case of Trifast, business dynamics start to build momentum.

Over the past three years, our teams have focused on '*working smarter*' in relation to suppliers, customers, buy/sell margin and non value-add costs and resources, latterly employing the Pareto (80/20) principle e.g. 80% of our profit coming from only 20% of our customers – so making sure that we don't become 'busy fools'!

The encouraging outcome from these efforts has been to reduce our overall overheads as a % of Revenue from 23% in 2010 to 19% for this 2013 financial year end, and to increase underlying Group pre-tax profit by 45% against 2012, with 85% of EBITDA* being yielded in cash from operations.

We acknowledge that this '*self-help*' business focus has moved on from being a recovery strategy that started in early 2010 to becoming a permanent key element of the now ingrained 'Continuous Improvement' culture that we know has the potential to deliver still further process improvements going forward.

Your Board structure has been streamlined from six Executive Directors to five; post the year end we then welcomed the addition of Scott Mac Meekin as our third Independent Non-Executive Director. Scott's Asian and US fastener experience coupled with his strategic capabilities adds further strength to our team.

We have much to report upon with regard to operational developments around the Group. These include:

- Important new Global manufacturing licences granted by both Philips Screw Co. and Acument
- First major trading links with Russia and South Korea
- Exciting new product range launches of plastic fasteners and metal spacing pillars
- Expansion of our India business
- New headquarters for our expanding Swedish operations
- Investment in sophisticated automation enabling us to adopt '*zero-defect philosophy*' within product quality out of our Singapore and Malaysian factories – with Taiwan targeted for 2014
- Both our Southern and Northern Ireland operations enjoying steady growth in a tough environment and,
- Our restructured US location starting to out-perform on profitability, having just enlarged its warehouse facilities with an additional unit in Houston.

As Directors, we are particularly pleased with the jump in profitability between March 2012 and March 2013. We remain committed to the pursuit of shareholder value, and as part of this, see many reasons that point to further 'bottom-line' growth for the foreseeable future; whilst we also continue to pursue 'no nonsense earnings enhancing bolt-on acquisitions', we can demonstrate that by focusing determinedly on our existing assets and resources, quantum leap improvements in performance are achievable.

As always, we appreciate your loyalty and support to our Company, and in return we will continue to do our best to maintain open, honest and regular communication on how we are managing your investment.

Yours sincerely

Malcolm Diamond

Malcolm Diamond MBE
Executive Chairman

Our Business

Strong leadership

Experienced and motivated people

Total logistics resource

Technical engineering specialists

Quality of Service

Global sales capability

"The global market for fasteners is vast and remains fragmented; there is an opportunity for smaller more flexible players like ourselves to be strategic consolidators"

Jim Barker
Chief Executive

Visit our Corporate website
www.trifast.com

7

High quality low cost manufacturing sites

Global logistics capability to over

50

countries

23

Business locations within North America, Europe and Asia

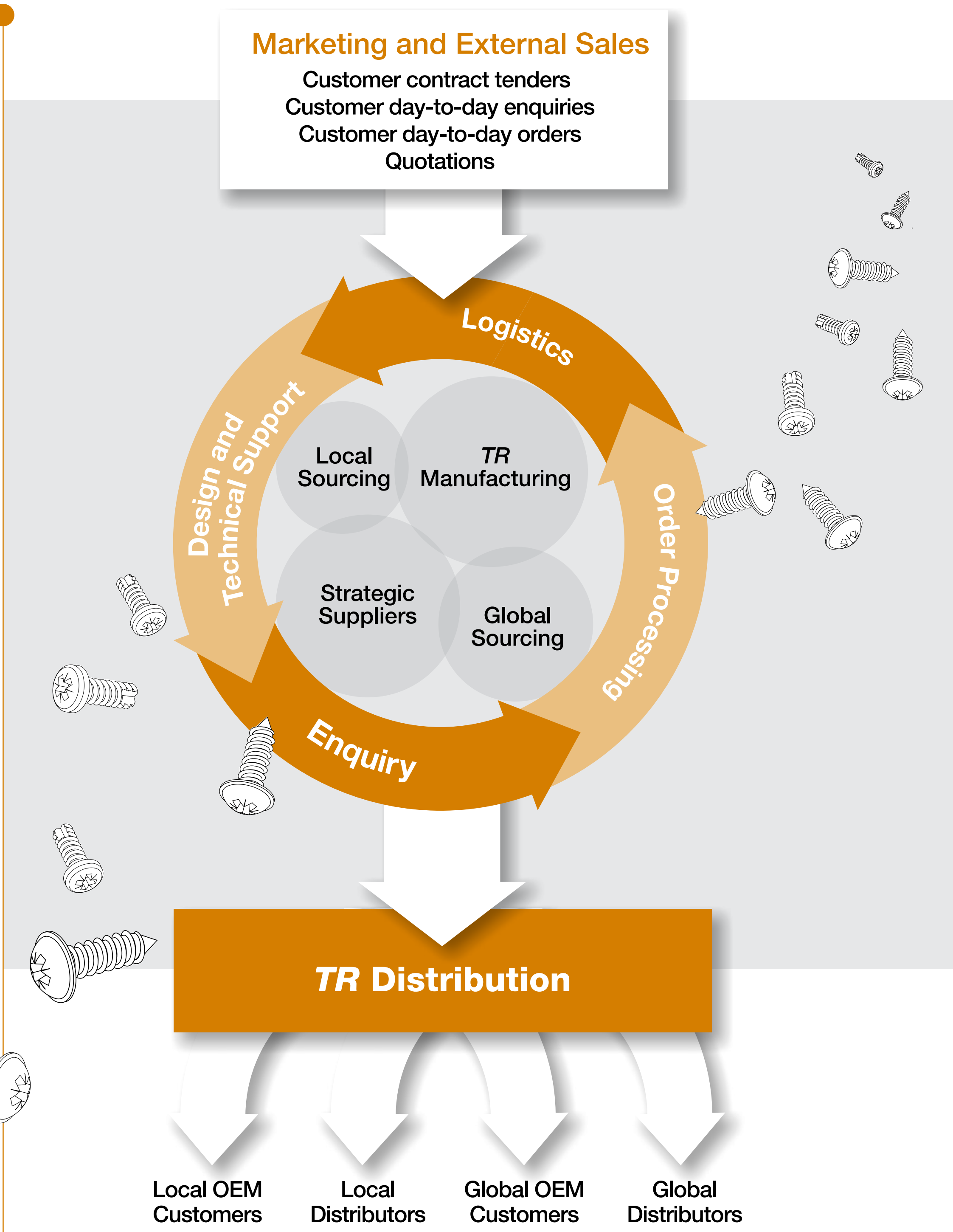
Thinking locally, operating globally

For information about **Behind the Scenes** see page 20

Our Business Model

"Our model is key to generating value and returns to our stakeholders"

Malcolm Diamond MBE
Executive Chairman



Group Business Review

Pictured (left to right): Executive Directors Geoff Budd, Glenda Roberts, Malcolm Diamond and Mark Belton

Key Performance Indicators

TR's Objectives set	Result: March 2013
• Increase revenue, organically & acquisitively	✓ 8% increase in revenue
• Increase profitability	✓ 45% uplift in underlying pre-tax profit
• Ongoing margin enhancement	✓ 6% net profit margin (2012: 4.4%)
• Maintain positive cash generation	✓ Operating cash flow nearly £8 million
• Increase return on capital (ROCE)	✓ Increase to over 12%
• Broadening the skills of management and staff	✓ '*Value assessment*' model – identifying the leaders of the future

All this has been achieved on a lower percentage cost base and within a global 'mixed' market sector backdrop but more importantly by the *TR* teams focus on the objectives set before them last year; their hard work and commitment has delivered what we are reporting to shareholders – on behalf of all stakeholders, we congratulate our colleagues around the globe.

The key financials are covered in the Group Finance Director's Report, so we will focus on what we have achieved operationally over the year.

The ongoing benefit of our '*self-help*' initiatives, focusing on improving our gross profit margins, reducing percentage overhead content and increasing logistics efficiencies, are strongly evident in these 2013 results.

This very creditable performance clearly underpins the Board's commitment to all stakeholders – to build upon Trifast's evolving reputation for '*under promising and over delivering*' on performance.

"Trifast's relentless focus on profit growth and cash generation has been reflected in a strong trading performance, resulting in all KPIs being met at the end of the financial year"

Jim Barker
Chief Executive

For information about **Behind the Scenes** see page 20

Group Business Review continued

+60%

Proposed final dividend 0.80p

Business overview

The 2012/13 financial year has seen many operational developments and we summarise the key ones below:

Organic performance of the business

Asia
Despite the loss of two previously long-held major component supply European transfer contracts to competing domestic Chinese assemblers, *TR Asia* has managed to improve overall profitability with a combination of new business wins, the integration of PowerSteel and Electro-Plating Works Sdn. Bhd (*PSEP*) and healthier demand from existing customers.

Europe/Automotive
The decision taken in 2010 to focus our sales engineering resources on Tier 1 automotive assemblers has proved to be timely for two reasons: the product lifecycle – once designed and approved, (it can take between 12–18 months for the specifying, quoting and testing period prior to production start-up) lasts between five to six years, thus providing a stable and lengthy forward revenue stream; also with the edge having come off peak demand for global electronics products in the past four years, our growth has been sustained by diversifying our customer target sector beyond electronics and domestic appliances. This strategy is no better reflected than by *TR Europe* with its new automotive contract wins during the year.

United Kingdom
TR UK has gained by far the most benefit from the Management team's determined focus on 'self-help'. Operational efficiency gains have taken nearly three years to fully yield the material profit gains through lowering both fixed and variable costs and consolidating and re-negotiating terms with key suppliers.

The new *TR Direct* next day delivery of standard products has also made an important contribution to this year's substantial profit growth.

Ireland
Both our Southern and Northern Ireland operations have enjoyed steady growth in a tough environment, with no sign of their renewed momentum diminishing as we look forward.

USA
TR's recently restructured US location is performing well; with the additional global multinational customers secured last year we have recently enlarged our US warehouse facilities with a further unit in Houston. Although the US operation is currently the smallest contributor to Group revenue, *TR Inc*. is strategic to our future plans. A high proportion of our globally sited multinationals are headquartered in the USA, where many of the product designers and engineers are based and who all expect to receive fastener specification advice locally 'on the spot'. Once *TR* is nominated on any component drawing, then buyers in Europe and Asia will be able to source exactly to specification as originally designated by their HQ.

Competitive advantage

Customers continue to benchmark *TR* against global fastener competitors and maintain their conclusion that we are uniquely positioned to fully satisfy their increasing demands by being able to combine '*low cost/zero-defect philosophy*' production via our six Asian based factories.

This combines with delivery logistics to over 50 countries along with design/application engineers directly employed by *TR* purely to resolve assembly challenges for our customers, many of whom, despite being large multinationals, do not carry the overhead of fastener engineers on their payroll.

This '*one-stop shop*' capability of *TR* is further bolstered by its range of *TR Branded* speciality fasteners for sheet metal and plastics, plus its launch post year end of a comprehensive new range of plastic fasteners, PCB spacers and cable management components.

Although each of *TR*'s 23 location business teams operate to their own P&L targets, the *TR* attitude of co-operation and cross skilling results in a '*one family*' approach with regard to data and inventory sharing together with mutual and enjoined objectives in relation to competitive sourcing and customer quotations. This '*thinking locally, operating globally*' gives *TR* the benefit of being swift to market whilst having the resources of an international player.

Expansion and new territories

Whilst the continent of India is an exciting area for expansion, we have been cautious in our adoption of new business and the associated investment that is required; however, in the past year we have taken on additional sales engineers to expand our capabilities at our two business offices there, as we serve our mainly US-owned multinational customers that are now firmly established.

TR Sweden has been one of our successful European teams in gaining new automotive business – despite their earlier loss of the Saab closure as a going concern.

This growth has enabled them to secure larger new offices in Stockholm in order to provide adequate scope for further expansion of their business.

Our automotive team has opened up business for the first time with Russia, and new customers for our *TR Branded* sheet metal fasteners have emerged in South Korea, again a first for our sales team.

New licences and products

Important new global manufacturing licences have been granted to *TR* by Philips Screw Co. and Acument. These licences dramatically extend our range of fastener drive and clinch applications and these will appeal to those requiring more sophisticated engineered applications such as weight reduction and high torque demands. The product licence additions add considerable 'kudos' to our engineering/design capabilities in the eyes of many of our existing customers, whilst attracting new applications from both existing and potential customers.

TR's ever growing plastics portfolio is now one of the most extensive on the market, with more products being added throughout 2013 in response to customer demand. *TR*'s plastics range meets all industry standards and legislation and initially, our focus is on automotive and PCB hardware applications. We are confident that all these developments open up new sectors and opportunities for *TR* as well as for the customer streamlining production processes; where a fastener is needed to be versatile light and strong, plastic is often the optimal solution. An example of this is our working relationship with a UK specialist high performance sports car manufacturer – as we all know, the automotive sector is constantly looking to be more economic and environmentally friendly without compromising quality and performance.

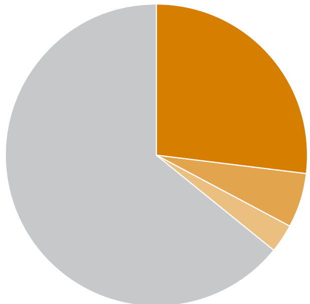
Investing for the future

Investment during the year in sophisticated automation is enabling *TR* to adopt '*zero-defect philosophy*' within product quality out of our Singapore and Malaysian factories – with Taiwan targeted for 2014. This is becoming an absolute requirement for high volume assembly customers who use automation or robotics for inserting fasteners, where a wrong dimension on a screw can bring a production line to a complete halt for anything up to an hour.

Our Taiwanese business is multi-site with two factories, one warehouse and a separate sales office. Post year end, a cost model has been commissioned to establish a new site with an all-purpose new building to accommodate all the business functions under one roof. Any such move would deliver the double benefit of improved efficiency and more production capacity. We look forward to updating shareholders on progress in due course.

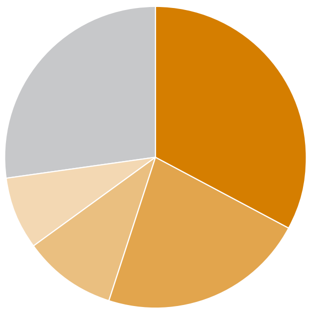
Authorisation has been given for *TR Sweden* to upgrade its computer system in order to facilitate real time electronic data interchange with our automotive customers. The new upgrade is based on the same basic architecture as their existing software, and will be conducted by the same provider – thus minimising delays and disruption. This new IT system will serve as a teaching/training module for other *TR* business teams in order to test thoroughly prior to any subsequent upgrades on other *TR Europe* sites.

Manufacturing and Distribution March 2013



Manufacturing	27%
Distribution – *TR* Direct	6%
Distribution – Lancaster	3%
Distribution – OEM	64%

Group sales by sector March 2013



Automotive	33%
Electronics	22%
Distributors	10%
Domestic	8%
Other	27%

Group Business Review continued

"We would like to acknowledge every colleague from around the world, all of them have made a difference and worked hard together to achieve another year of solid growth"

Malcolm Diamond MBE
Executive Chairman

Management & People

Training & adding new skills

Last year, as part of our operational restructuring we introduced a 'people, performance & responsibilities' programme across the Company and at all levels.

As a direct result of what we term, *TR*'s '*value assessment*' model (aligned to strategy and objectives) we are utilising skills and knowledge more effectively which, in turn, is further shaping *TR*'s ongoing Senior Executive development and succession planning programmes. The first three well-deserved appointments to the *TR* Operating Board have been announced recently – these are in recognition of hard work and skills '*developed and channelled*' effectively under the Senior Executive programme – suffice to say, all three candidates possess leadership qualities and specialisms that will drive *TR* business units to the next level.

Through this initiative also, we have been able to more effectively deploy resources within existing systems and structure; this streamlining and realignment of responsibilities within the business is already having an impact and formed part of 'self-help' objectives set as part of the Board's strategy plan put in place at the start of 2012.

The *Apprenticeship* scheme, first introduced in 2011 is going from strength to strength – we have been successful in attracting enthusiastic young school leavers keen to join *TR*, and we expect to gain greatly from their contribution in the future: the roll-out of the scheme across the UK businesses is also starting to gain momentum.

At Board level, we have seen change too: Seamus Murphy, having successfully completed his key strategic projects (set within the lead team's first three year plan initiated in 2009) stepped down from the Main Board at the end of January 2013 and has since left the business. Seamus joined us in 2005 following the acquisition of Serco Ryan; the Directors acknowledge his input and service, we wish him and his family well in the future.

Post the year end, Scott Mac Meekin joined the business as an Independent Non-Executive Director. Scott brings a wealth of experience gained over a 20-year career within the US and Asian fastener industry; his additional skills complement both the current Executive and Independent Non-Executive Directors' skills base and provide extra impetus to our expansion aspirations.

Finally, we would like to acknowledge every colleague from around the world, all of them have made a difference and worked hard together to achieve another year of solid growth; without their dedication stakeholders

Pictured (left to right): Ron Vlutters, Simon Willington, Chris Black, Tom Eertman

would not be sharing in this year's trading achievement. Jim and I, together with our fellow Board colleagues look forward to working with everyone over the coming year, to continue in the success.

Celebrating 40 years

On 1 June 2013, Trifast celebrated its *40th Anniversary* since being founded as *TR Fastenings* Ltd in 1973. *TR* has over the years played a major part in the transformation of how high volume/variety small lower value assembly components are delivered, creating '*Just In Time*' & '*supply chain*' management logistics programmes to its customer base initially from one office in Sussex, and then driven by multinational customer demands, going on to establish an international footprint now serving over 50 countries, delivering over 150 million components worldwide each day by a highly motivated network of *TR* business teams. Nearly 30% of the Group's revenue now derives from *TR*'s own Asian manufacturing base.

A number of those that joined the business at its humble beginnings remain with us to this day including both of us – new 'young blood' has since joined us along the way and together, we have all experienced and seen many developments and challenges over the years. However, through our desire to '*Innovate and Serve*,' *TR* today is recognised as a driving force within the industry, at the cutting edge of fastener technology through its investment in the research & development of new products and services combined with the '*TR culture*'.

Objectives, strategy and opportunities

As Trifast Directors, we are particularly pleased with the jump in profitability between March 2012 and March 2013. We remain committed to the pursuit of shareholder value, and as part of this, see lots of reasons that point to further 'bottom-line' growth for the foreseeable future.

This will be achieved by, as always, a combination of activities. There will be no end to our continual pursuit of operational efficiency improvements, even though, as each year passes there will naturally be an element of diminishing materiality in the size of profit gains. This is why we are now financially in a position to consider prudent new investments in automation, faster more analytical computer systems and additional sales engineers for both automotive and electronics sectors on a global basis.

As stakeholders know, the global market for fasteners and related components for assembly is vast, and in terms of penetration, *TR*'s revenue is barely measurable; however, even though the market remains fragmented there is an opportunity for smaller more flexible players like ourselves to be '*strategic consolidators*'.

Existing shareholders are aware that as a team we are cautious in our approach to acquisitions, with our demand for low debt/high margin/loyal ongoing local management and cash generative businesses in a highly fragmented market, where *TR*'s business model of combining low cost manufacturing with global logistics distribution supported by design and application engineering is relatively unique. Consequently, our networking is constantly in search mode being sustained by our knowledge that, like *PSEP* the business acquired December 2011 (which today is fully and happily integrated into *TR*) target companies that meet these criteria certainly do exist.

Meanwhile, our highly effective sales and marketing teams continue to open up new revenue opportunities – both geographically and with additional products and customer sectors as they strive to meet our ever ambitious revenue and profit targets.

Trading outlook

The Board remains very optimistic that the phrase a '*World of Opportunity*' initiated last year is gathering momentum as the Group's structure and focus enables further organic growth, and when combined with new business and niche expansion opportunities, *TR*'s operational teams feel confident in their ability to deliver strong results through 2013/14, and into the future.

We look forward to updating you on our progress throughout the coming year.

Malcolm Diamond MBE
Executive Chairman

Jim Barker
Chief Executive
24 June 2013

Pictured (top): Lauren Moyce, *TR* Uckfield

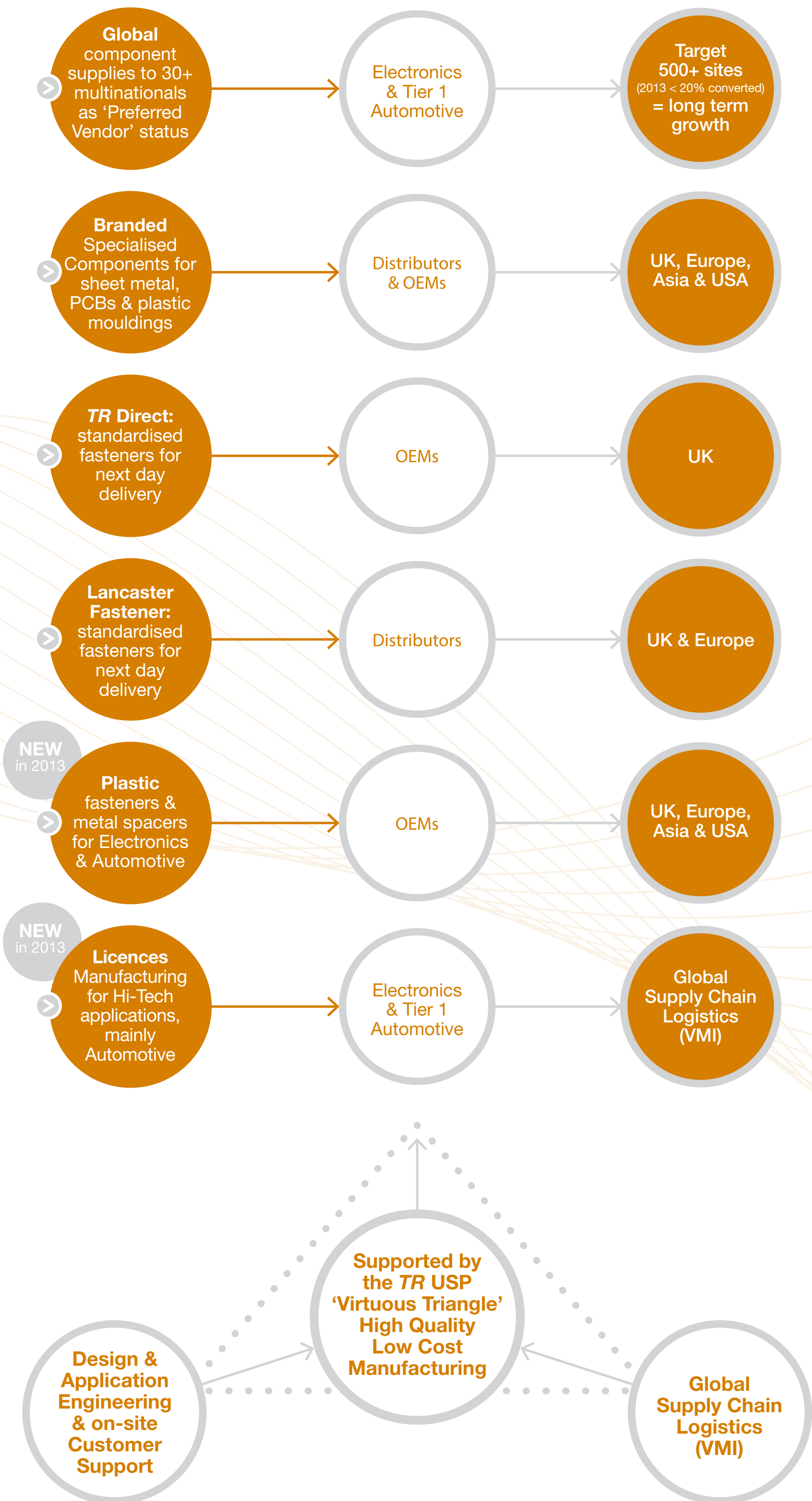
Pictured (bottom): Dara Horgan, *TR* Southern Fasteners

‘**Strings** to Our Bow’ – for Growth

“Risk management is a constant within our philosophy which is reflected in our business marketing model comprising six elements; ranging from the sophisticated logistics management of complex arrays of differing products to our multinational customers on a global basis, to next day delivery of standard fasteners within the UK and mainland Europe. An expanding range of specific application Branded products are then overlaid as a key part of our ‘*one stop shop*’ offering”

Malcolm Diamond MBE
Executive Chairman

For information about **Changes in Fastener Technology** see page **34**



Financial Review

Revenue

In the year being reported on, Group revenue increased by 8.0% to £121.54 million (2012: £112.51m), reflecting in the main the addition of our Malaysian acquisition, *PSEP* acquired in December 2011. During the year we were also successful in replacing older, non profitable contracts with new business wins at improved margins although we did experience high attrition levels in both the UK due to customer 'end of life' builds finishing and within Asia when two major transfer contracts from Europe came to an end.

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

Continuing operations	Full Year 31 March 2013	Full Year 31 March 2012	% increase
Revenue			
UK	£57.26m	£57.78m	**-0.9%**
Asia	£38.85m	£31.12m	**+24.8%**
Europe	£22.91m	£21.20m	**+8.1%**
USA	£2.52m	£2.41m	**+4.6%**
Total for the year	£121.54m	£112.51m	**+8.0%**

The key driver of growth in the year was Asia due in the main to the acquisition of *PSEP*. Within the UK, revenue remained relatively stable despite a generally lower demand from UK customers and the transfer of some business to our Hungary operation. Europe delivered a strong performance with increased sales across all the operations in particular Holland and Sweden where we were successful in winning new automotive business. The increase in revenue from our North American operation reflects the confidence returning to the US economy.

Whilst revenue growth is important to the business, one of our key drivers remains the focus on quality of earnings and margin enhancement.

Adjusted pre-tax profit operating margins

The underlying operating (before separately disclosed items) result between the *TR* represented regions can be analysed as follows:-

Continuing operations	Full Year 31 March 2013	Full Year 31 March 2012	% increase
Underlying operating result			
UK	£4.13m	£2.74m	**+50.7%**
Asia	£4.41m	£3.76m	**+17.3%**
Europe	£1.11m	£0.52m	**+113.5%**
USA	£0.30m	£0.10m	**+200.0%**
Central costs	(£1.98m)	(£1.49m)	**-32.9%**
Total before financing costs	£7.97m	£5.63m	**+41.6%**
Net financing costs	(£0.72m)	(£0.63m)	
Total after financing costs	£7.25m	£5.00m	**+45.0%**

"Whilst revenue growth is important to the business, one of our key drivers remains the focus on quality of earnings and margin enhancement"

Mark Belton
Group Finance Director

For information about **Business Performance** see page 08

Financial Review continued

+40bps

GP
26.0%

+80bps

ROCE
12.1%

12.8x

Net interest cover improved

The impressive 45.0% increase in underlying profitability to £7.25 million (before separately disclosed items) was achieved by increasing gross profit margins which showed a 40bps increase in the year to 26.0% (2012: 25.6%) and a reduction in the level of overheads in relation to revenue, to 19.4% (2012: 20.6%). This resulted in improved underlying net margins from 4.4% in 2012 to 6.0% thereby achieving two of our stated objectives: ongoing margin enhancement and increase profitability.

By territory, the *TR UK* contribution increased by 50.7% resulting from the gross profit margin enhancements and overhead and logistical efficiencies previously acknowledged. Europe more than doubled its 2012 operating profit performance to £1.11 million with strong performances being achieved particularly within the Nordic region. *TR Asia* benefitted from the positive addition of *PSEP* into the Group but conversely was impacted by the loss of business mentioned already. *TR USA*, from its 2011 restructuring programme is beginning to bring the region from its previous losses into profit, demonstrating a three-fold increase in profit from 2012 to £0.30 million in the year under review.

Separately disclosed items

The following items are shown separately in the Consolidated income statement and need to be taken into consideration when reviewing the underlying performance of the Group:

Restructuring costs	**(£0.39m)**
Intangible amortisation	**(£0.33m)**
IFRS 2 charge	**(£0.09m)**
Total	**(£0.81m)**

Of the £0.39 million restructuring costs, £0.19 million relates to Director compensation (for loss of office from the Board) and all associated costs in January 2013; the remaining balance relates to further redundancies within the UK to drive the ongoing efficiencies.

Interest and interest cover

Net financing costs increased slightly by £0.09 million to £0.72 million (2012: £0.63m) reflecting a full year's effect of the acquisition term loan taken out by *TR* Asia Investment Holdings Pte Ltd ('*TR Asia*') to part fund the *PSEP* acquisition in December 2011.

Net interest cover (defined as EBITDA to net interest, before one-off separately disclosed items) improved to 12.8 times (2012: 10.4 times).

Taxation

Taxation in the period was £1.73 million (2012: £1.60m); this reflects an Effective Tax Rate ('ETR') of 26.9% (2012: 33.6%), whilst the Group's blended tax rate based on the geographical tax regimes was 21.3% (2012: 20.4%). Nearly all of the Group's current tax charges related to overseas operations as the UK business was able to utilise the remaining UK tax losses that it had suffered over the previous years.

Balance sheet and funding

At 31 March 2013, total Shareholder equity amounted to £60.42 million (2012: £53.49m), an increase of 13.0% reflecting the Group's increase in retained profit of £4.71 million during the period and £2.17 million being the translation of Group's overseas assets (predominantly in Asia).

There was no major change in the Group's property, plant and equipment, which represents 13.1% of the Group's total assets. Intangible assets increased slightly by £0.50 million to £18.37 million (2012: £17.87m) reflecting the movements in foreign exchange and a fair value adjustment of £0.10 million in respect of *PSEP*.

Working capital as a percentage of revenue remained fairly stable at 30%. Removing the foreign exchange effect on stock, we saw levels fall by £0.84 million which resulted in net stock weeks dropping from 21.1 in 2012 to 20.2 for 2013. Debtor days also remained fairly stable at 67 days (2012: 68). However, total bad debts were slightly higher than in previous years at £0.29 million (2012: £0.08m).

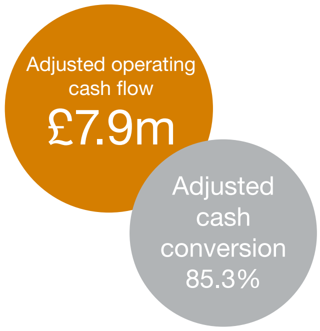
Gross debt fell by £4.46 million to £15.75 million (2012: £20.21m), which included the final repayment of £1.00 million of the Company's three year term loan taken out initially in February 2010, and the annual repayment of *c.*£1.50 million of *TR Asia*'s acquisition loan for *PSEP*, with the balance being reduced borrowings from the UK's Asset Based Lending facility (ABL).

Group net cash balances as at 31 March 2013 were £10.55 million (2012: £11.80m) of which, £9.47 million was held in foreign currencies (2012: £8.03m). As a result, year end net debt reduced by £3.21 million to £5.20 million in March 2013 (2012: £8.41m) and gearing remained low at 8.6% (2012: 15.7%).

The Group continues to trade well within its banking covenants. In April 2013, Trifast successfully negotiated its UK banking facilities with an additional £5.00 million, three year revolving credit facility for the Company and extended its current ABL facilities total availability to £18.30 million.

Cash flow

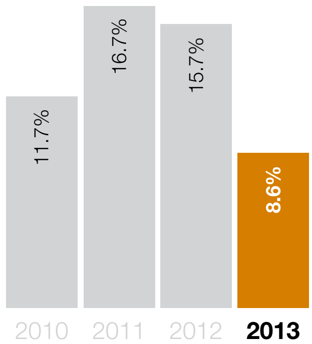
Cash generation continues to be another key objective for the *TR* operations in order for us to be able to provide cash to reinvest back into the growing business. It is therefore very satisfying to report that operating cash flow as a percentage of EBITDA was 85.5%.



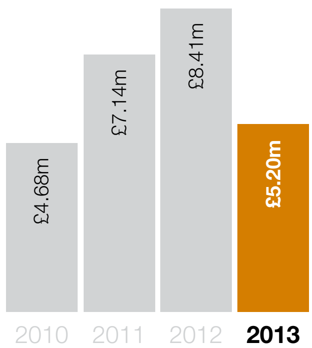
The following analysis reconciles net debt and cash flow:

	Full Year 31 March 2013	Full Year 31 March 2012
Adjusted EBITDA	£9.23m	£6.54m
Adjusted working capital changes	(£1.36m)	(£1.97m)
Adjusted operating cash flow	£7.87m	£4.57m
Cash conversion	85.3%	69.9%
Net capital expenditure	(£0.85m)	(£0.53m)
Taxation paid	(£1.43m)	(£0.68m)
Net interest	(£0.72m)	(£0.63m)
Adjusted free cash flow	£4.87m	£2.73m
Deferred consideration/Consideration on *PSEP* acquisition	(£1.39m)	(£13.49m)
Proceeds from shares issued	£0.23m	£7.18m
Dividends paid (September 2012)	(£0.53m)	–
Net change in cash and cash equivalents	£3.18m	(£3.58m)
Net debt as at 1 April	(£8.41m)	(£7.14m)
Net cash acquired on *PSEP* acquisition	–	£2.25m
Effect of exchange rate on net debt	£0.03m	£0.06m
Net debt as at 31 March	(£5.20m)	(£8.41m)

Gearing



Net Debt



Financial Review continued

"I would like to take this opportunity to thank the Finance teams around the globe for their hard work and dedication supporting the operational business units"

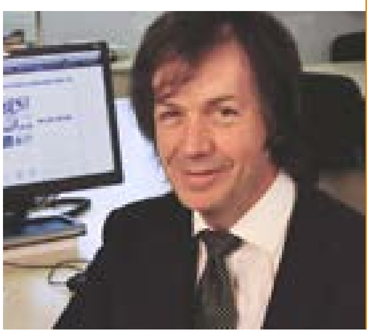
Mark Belton
Group Finance Director

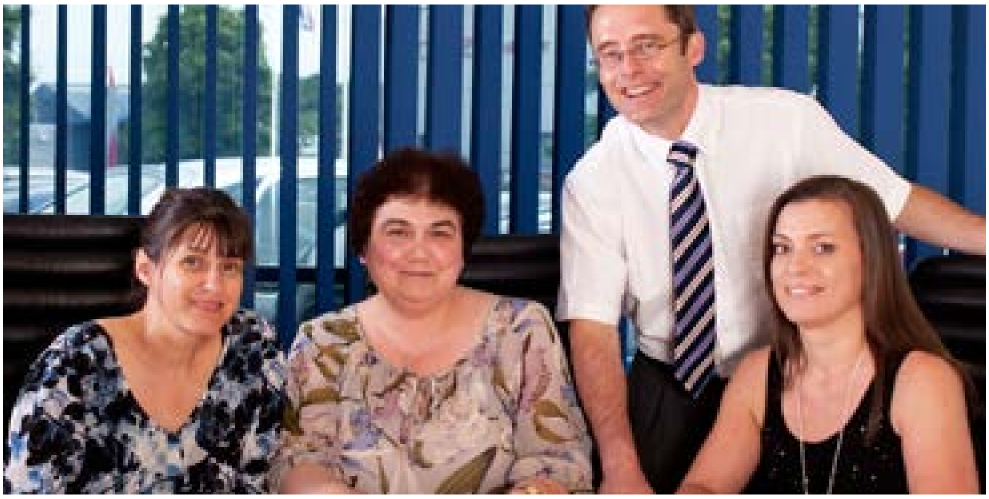
For information about Managing the Business see page 48

+25.8%

Earnings per share 4.73p

Pictured: Jon Gibb





Pictured (left to right): Carolyn Emsley, Maria Johnson, Mark Belton and Lyndsey Case

To support future growth and increase returns in the future, capital expenditure increased to £0.87 million predominantly represented by plant and machinery for our growing Asia business (2012: £0.65m).

PSEP in Malaysia, acquired at the end of 2011, has integrated well and, under the Terms of Acquisition detailed in the Prospectus dated 16 November 2011, a final payment of £1.39 million, (previously retained for twelve months against any warranties and claims) was paid to the previous owners in December 2012.

Return on capital employed

The Group remains mindful of its objective to invest to increase Return on Capital Employed (ROCE). It is therefore pleasing to show that ROCE (being defined as EBIT/net assets + net debt) has once again improved year-on-year, from 9.1% in 2012 (11.3% adjusted for *PSEP* pro-rata 12 months) to 12.1% by March 2013.

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 by 25.8% to 4.73 pence (2012: 3.76p).

Dividend

While the Directors' focus remains on capital growth through investment in the business and increasing ROCE, the return to a progressive dividend stream has been a priority for the Board since its formation in 2009. In October 2012, we were pleased to achieve this key objective by payment of the final dividend for 2012; to demonstrate the confidence the Management has in the future development and success of the business, the Board will be recommending a 60% increase in the final dividend of 0.80 pence (net of tax) per Ordinary share. Subject to Shareholder approval at the Annual General Meeting which is to be held on 17 September 2013, the annual dividend will be paid to shareholders on the Register at the close of business on 5 July 2013. The Ordinary shares become ex-dividend on 3 July 2013.

People

Once again, I would like to take this opportunity to thank the Finance teams around the globe for their hard work and dedication in supporting the operational business units and myself; I look forward to working with them over the coming year as we look to further enhance working practices across the Group to help improve operational efficiencies and *add-value* across the *TR* network.

Mark Belton
Group Finance Director

24 June 2013

Pictured:
Fastener inspection machine, to achieve zero defect

Taking Your Questions

"*TR*'s business model combining high quality manufacturing with global logistics and technical support is relatively unique"

Jim Barker
Chief Executive

Pictured: Executive Directors, Geoff Budd and Glenda Roberts

Pictured: Kevin Gladman, *TR* Uckfield

What motivates you?

No two days are the same, and the sheer variety and opportunities coming through continue to excite me. Working with the Teams globally is very satisfying as we have some great people who are a pleasure to work with, and the opportunities are borderless.
GCR

What will be the growth drivers this year?

Targeting successful customers and linking these with the best supply solutions. Developing new opportunities with an enhanced product range, providing technical support and adding to our licences, which will ensure we are the supplier of choice. Weight reduction in fastenings is the latest requirement, particularly in the automotive industry.
GB

Who do you see as competitors and in which markets?

Our competitors vary depending on the product or the area we are being asked to supply to. From a small local distributor with local knowledge, to one of the global fastener players in our industry, we have a portfolio of either products or services that can offset challenges and offer an attractive package. Both in the automotive and electronics sectors our global footprint and ability to manage transfer or replicated builds gives us a leading edge. Major OEMs value this as they then get the same supply chain – seamlessly.
GCR

What is the fastest growing Industry sector?

Without any doubt the automotive sector. We saw a gap in this sector that we felt we could service better by drawing on the experience of how we have managed the global electronics customers we currently support, and then replicated this model.
GB

How strong is your operating team and do you have the 'leaders of the future' being nurtured within the Group?

I have developed a number of sector silos with a strong sales driven leader heading up each one. This includes automotive, electronics and telecoms, sales to distributors, *TR* Direct looking after the smaller transactional customers, plastics products and a project management team controlling multi-site enquiries.

Of course all of this has to be supported by the sourcing and purchasing teams, the new product introduction New Product Introduction (NPI) teams which involves both technical and quality personnel on feasibility. Elimination of risk is a high priority for us and our customers, and the work has to be put in by all disciplines to make that happen. Strong leaders of these key functions are in place.

GCR

For information about **Human Resources** see page **37**

Since you took on the role globally, how have things changed?

In the fourth year since the Team was reformed and strengthened the importance of coordinating global activity with the major OEMs we supply has been essential. The global enquiry portal has been one of the main reasons for our success as we have visibility of activity 24/7, and can influence and respond using all of the Group resources. Working with the global head offices and design centres of these companies, and being able to support this at local level in the various countries is a winning formula.

GCR

What are key for you to achieve?

Continuing to coach people in the *80/20 Pareto Principle* encouraging them to spend their time on the important issues and not get bogged down in the small stuff. Continuing to improve the efficiencies in the business and eliminate non value add activity. Upskill as many of our people as we can, by training and equipping them with the skills to give value and gain personal pride in achieving their tasks and KPIs.

GB

How often do you visit colleagues at the rockface?

This is one of the most interesting and pleasurable parts of my role and I am a frequent visitor to most of our sites on a regular basis. Listening to the Teams and engaging with them, maybe on a topic or an issue that they need assistance with, gives me a real feeling of being connected, that you cannot get from sitting behind a desk.

GB

What's so important about the new licences won this year?

The licences are very important and give our manufacturing sites an opportunity to make more value add products, and our sales teams to offer a more enhanced portfolio of product. This keeps us ahead within our industry, and in the eyes of our customers as we constantly look to increase our offering to them.

GB

How would you sum up your last year and your outlook?

I am particularly delighted at the performance of the UK, Europe and the Middle East having fought back from the recession so strongly. All of the sites are performing well, and I am encouraged that there are new markets, and countries such as Russia to develop in the coming year. So we will move forward with confidence this year!

GB

I would sum up last year as a tribute to networking, connecting up the opportunities globally and hard work on behalf of the teams. My outlook is that this year will continue to bring more global opportunities with some new multinationals engaging with us. China and the ASEAN Region will develop as a stronger force in automotive through the acquisition of *PSEP* and the work that has been done by the European teams to get us on the global platform builds as the approved supplier.

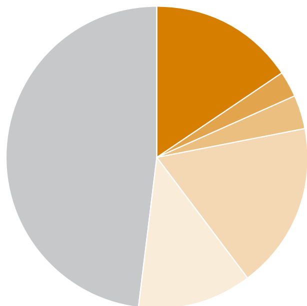
GCR

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

"*TR*'s operational teams feel confident in their ability to deliver strong results into the future"

Malcolm Diamond MBE
Executive Chairman

What is the breakdown of your investor profile?



Founders	15.6%
TR Directors & Related	2.8%
Private Individuals	3.8%
Retail Investors	17.7%
OEIC	12.1%
Institutional Investors	48.0%

Pictured: Bellbrook Park, *TR* Uckfield

Behind the Scenes

Highly skilled

Teams working together

to deliver the best to all

our customers through

the ‘*TR* culture’

“Our highly effective sales and marketing teams continue to open up new customer, revenue and product opportunities”

Jim Barker
Chief Executive

To find out more, visit
trfastenings.com

UK and Mainland Europe
15 locations

USA
1 location

Asia
7 locations

Thinking locally, operating globally

For information about **Senior People** see page 46-47

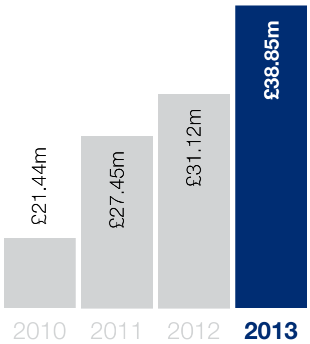
Overview – Asia

"30% of the Group's revenue now derives from *TR*'s own Asian manufacturing base"

Jim Barker
Chief Executive

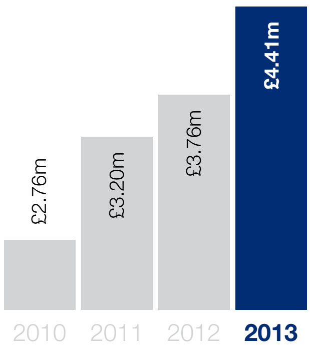
Revenue

↑25%

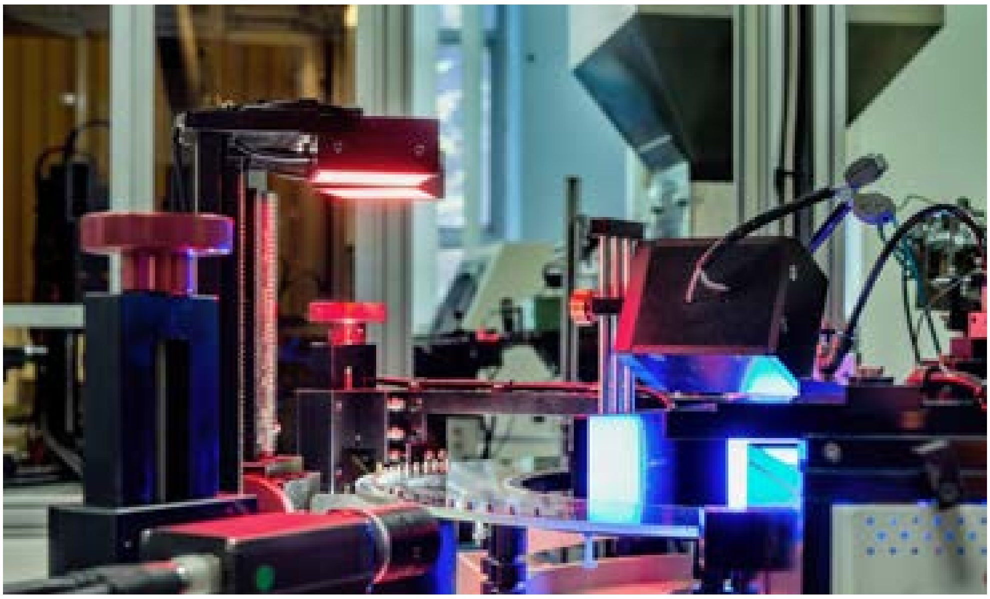


Operating Profit

↑17%



Number of employees	508
Site locations	7



Pictured: New state-of-the-art inspection equipment, designed to support '*zero defect philosophy*'.

The year has seen the Asian business develop well. PowerSteel, in particular, has been successfully integrated into the Group and is now benefiting from new opportunities outside its traditional market. Its customer base has increased and dependency on one major customer has reduced.

It has also been a challenging year due to the global slowdown in the electronics and telecommunications sector, but at *TR* we have managed to overcome this with new business wins in other sectors, mainly due to the flexibility we can offer the market with our six Asian factories – which have the combined ability to manufacture a wide range of sizes and specifications from micro screws for disc drives to long engine bolts for automotive.

Investment

New investment in production and state-of-the-art inspection equipment for the Singapore and Malaysia manufacturing plants has meant that these plants have adopted '*zero defect philosophy*', giving them a significant advantage over competitors. The Taiwan sites will also be moving in the same direction during 2014.

The Taiwan facility has reached maximum output, which means that we require further investment in plant and machinery to satisfy customer demand. As a result, we are reviewing the possibility of a new facility to bring under one roof all the plants that are currently multi-sited.

Due to our increased focus on the automotive industry, it has become necessary to obtain licences to manufacture patented parts and parts with trademarks.

We have recently added Philip's complete range of drive systems which include the newly patented *Mortorq Super*, and Acument's *Strux* clinch system to our range of proprietary products. We already have licences for *Torx*, *Torx-Plus*, *MA Thread*, *Totsu-Pra* and *Quadrex*, and we own the *Pozidriv* trademark. More licensing agreements are being negotiated in our strategic objective to be able to manufacture the most common globally available fastener designs that offer technical advantages to our customers.

People

Investment in people is still one of the main focuses of the business. The sites are selectively recruiting experienced experts from our industry as well as nurturing employees with potential to take over key positions. One such newcomer is Theodore Wong, an automotive specialist, who is now managing

the sales team in PowerSteel. The focus on people has resulted in a high retention rate of employees and highly dedicated experienced teams across the region.

Manufacturing based employees

Female	Male
23%	77%

Office based employees

Female	Male
47%	53%

Outlook and strategy

Over the past few years we have seen a number of transfer projects into our Chinese business which are now coming to an end.

In its place we are seeing massive opportunities within the automotive market and this should create solid ongoing growth for this business.

The gearing up for 4G infrastructure network worldwide will see the revival of the telecommunications sector within which we are well connected due to our well proven experience and knowledge.

Going forward we will continue to grow our business through acquiring new major accounts, growing existing accounts, and further expanding our market boundaries – especially into regional ASEAN countries. Working with the global team on global accounts ensures that we keep the business within the Group wherever the customers relocate, while also enhancing our standing as a global supplier. This has proved to be a winning formula.

The new fiscal year comes with great opportunities and we aim to deliver yet another year of good results. As a team, we remain very optimistic about the future.

I wish to take this opportunity to thank my staff in Asia for putting in tremendous efforts to achieve good results.

Thomas Tan
Managing Director *TR* Asia

"*TR* Asia has improved overall profitability through a combination of new business wins, integration of *PSEP* and healthier demand from existing customers"

Thomas Tan
Managing Director *TR* Asia

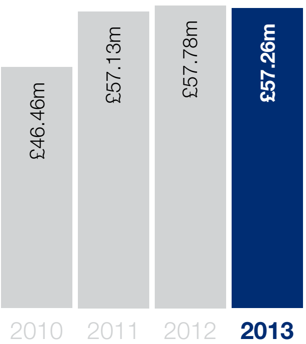
For information about **Business Performance** see page 08

Overview – UK & Mainland Europe

"The UK has gained by far the most benefit from the determined focus on self-help initiatives"

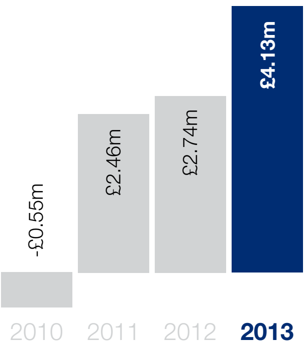
Mark Belton
Group Finance Director

UK Revenue



UK Operating Profit

↑51%



Number of employees	413
Site locations	9

Pictured: *TR* Sweden's new facility

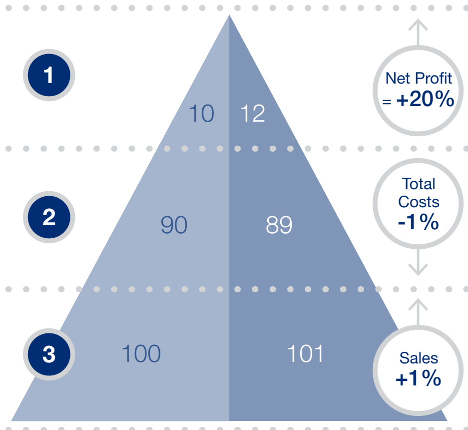
The Group's finance review shows the dramatic change in fortune for *TR UK* and the rest of Europe and throughout, I have enjoyed fantastic support, enthusiasm and sheer hard work from location and business teams.

Communication of our goals and objectives has been key. For each of the past two financial years through presentations to staff at all European locations, we made the focus of attention on the important issues. The theme for 2011-12 was *Focus on Sales Profit – Cash*, 2012-13 was the company wide adoption of the *Pareto Principle* the 80/20 rule. Inspiration for these presentations was not original, the first, a particular hero of mine, John Winkler, and the second, an Italian born in the 19th Century, Vilfredo Pareto.

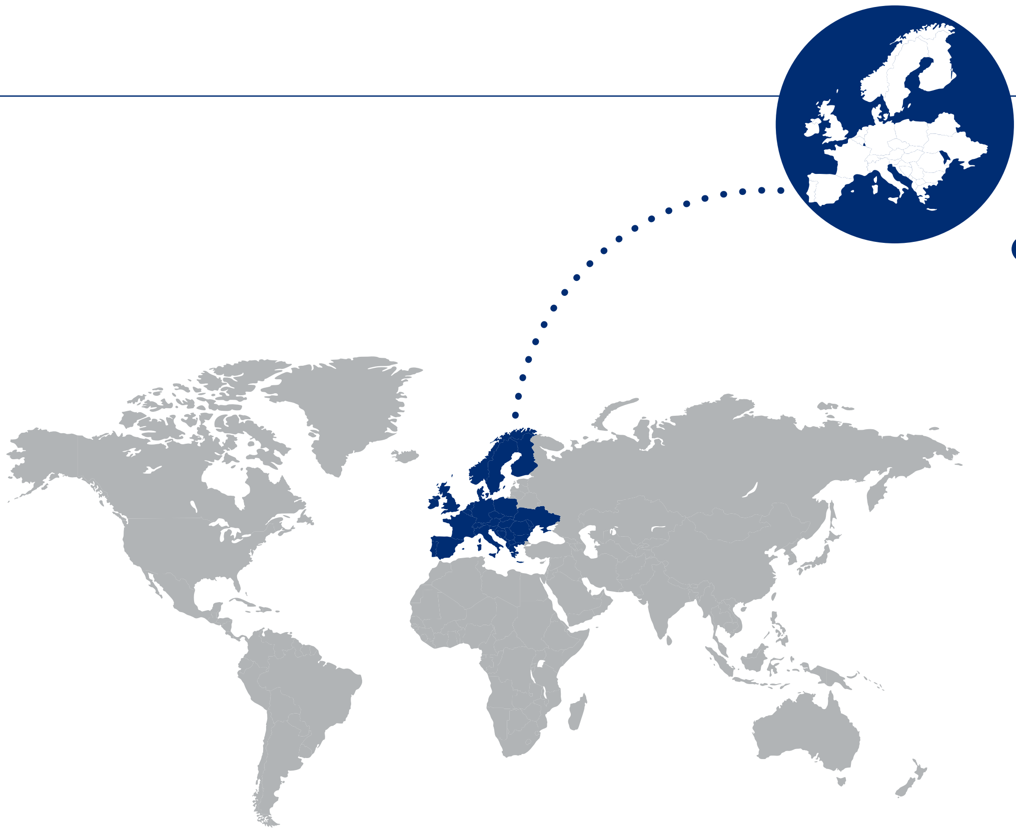
The first theme highlighted that everyone with the Company can influence the sales effort as all of us are 'ambassadors' of the *TR* brand and the manner with which they deal with customers and suppliers alike affects the image and reputation of the Company. Everyone can look for opportunities to remove unnecessary costs and wasteful activities. Also that no matter how small, improvements can make a big difference.

John Winkler brilliantly illustrated this using a business with the following cost model of sales of say £100 million – variable costs of 50%, fixed costs of 40%, giving a net profit of 10%.

This is shown below with the result of sales increasing by 1% and fixed costs down 1%, giving a 20% increase in profit.



TR's results reflect the work done to manage the existing business better.



Equally important in this period of recovery has been the generation of cash. Our people are constantly being reminded that profit does not equal cash. Good cash collection depends on good customer relationship management and effective cash collection terms. *TR* has both quality CRM and finance staff.

The second year's presentation introduced the *80/20 Pareto Principle*. Not a new idea, although I have found (outside of *TR*) few people knew of Pareto.

It is a philosophy that directs everyone to what is important. 80% of sales come from 20% of customers – look after them – 20% of what you do will yield 80% of the total outcome and so forth. '*Let us not be 'busy fools' but use our time wisely*.'

Investing for the future

Whilst optimising our trading position, a lot of activity and resource has been to invest in the future:

- product launches most notably, Plastic Fastener Cable Management Products, spacer and electronic hardware
- a number of industry specialists and sales engineers have been recruited to accelerate our sales activity
- a major in-house Management Development programme for all location managers was implemented
- in-house apprenticeships have proved a great way to induct new colleagues

In the early part of this new financial year we have successfully secured a number of new licences including the global licence agreement with the Philips Screw Company for ACR (Anti Camout Recess).

Pictured: Recently launched plastic cable products

"Diversifying beyond the electronics and appliances sectors into the automotive assemblers is providing a stable and forward revenue stream"

Geoff Budd
TR Europe Managing Director

For information about **Business Performance** see page **08**

Overview – UK & Mainland Europe

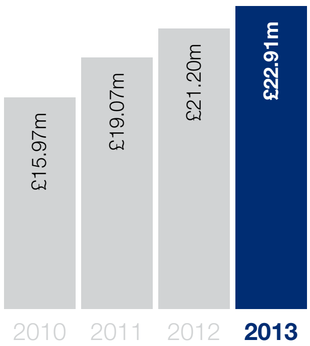
FASTENER FAIR RUSSIA

FASTENER FAIR INDIA • MUMBAI

FASTENER FAIR STUTTGART

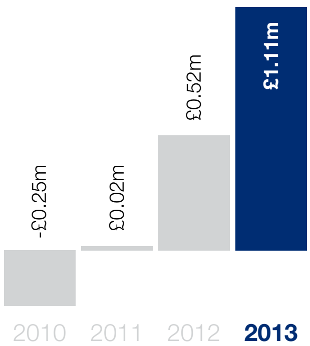
Europe Revenue

↑8%



Europe Operating Profit

↑114%



Number of employees	96
Site locations	6

TR already owns the UK trademark, *Pozidriv*, and European marque, *Pozi*. Philips, the inventors of the *Philips Drive* and *Pozidriv* have also developed a number of patented systems. The most exciting for us is *MOTORQ Super* which enables the manufacture of fasteners with up to 25% less material in the head enabling the advantage of weight reduction and less material use, both vital in achieving greater efficiency especially in automotive applications.

Finally in June 2013, and as part of the Group's planned succession strategy, we promoted a number of executives, including to the Board of *TR Fastenings (TRF)*; this reflects the strength in depth we now have within the organisation – Dave Fisk, was appointed Managing Director; Stevie Meiklem, Purchasing & Operations Director, both have worked their way up the ranks of *TR* over many years whilst Maria Johnson, the newly appointed *TRF* Finance Director is extremely capable and brings to the trading business expertise from her previous senior roles before joining the business in November 2006.

At the time of writing, a very positive start to the current year has been achieved. There is much optimism with an abundance of new products to sell and new geographical territories and industries to explore. More on this is explained in Glenda Roberts' Global Sales and Business Development Report.

Lower cost base; securing significant new business at improved margins; steady profit growth across all regions

Personally, I would like to thank all of my colleagues throughout Europe for making this the most enjoyable time to work for this organisation.

Geoff Budd
TR Europe Managing Director

Pictured:
Dave Fisk, Managing Director *TRF*

Pictured:
Maria Johnson, *TRF* Finance Director

Pictured:
Stevie Meiklem, *TRF* Purchasing & Operations Director

Pictured:
Michelle Horscroft, Internal Sales Manager *TR* Direct

CEO Global Fastener Summit

Pictured: The official opening ceremony of the exhibition

Launch of industry forum

In June 2013 *TR* was invited to speak at the inaugural CEO Global Fastener Industry Summit held in Jin Mao Tower, Shanghai, China.

The key aim of the Summit has been to launch an industry high-end communication platform and establish a dialogue forum for the global fastener industry; an important sector seen as ‘traditional’ but operating in a rapidly changing era where, as we all witness, 24/7 worldwide virtual communications are influencing the way we all lead our lives.

Our CEO, Jim Barker was one of seven business leaders invited to address the 150-strong Summit attended by decision makers from manufacturing companies, importers, exporters, distributors and wholesalers from across the world including Europe, mainland China, Hong Kong, Taiwan, Japan, South Korea, Russia, Turkey and India.

Jim delivered his key speech on *‘Customers need a solution not just product itself’*.

He discussed how, in today’s world of advancing, ever-changing communication tools, customers look for more requirements on service – it is no longer about being just being able to deliver a pallet of goods – customers need a complete supply solution, which is a strong USP for *TR*.

Others focused on branding (with differentiation, authenticity, consistency and sustainability being the essences of brand value); the importance of new technologies and social media in promoting fastener products; China’s auto fastener market status; and supply chain analysis and the need for modern equipment and technology being key to ensure high quality fastener production.

The Summit which is to become an annual event, provided a significant opportunity for global business leaders to meet and discuss the current industrial hot issues, share different ideas, and strengthen communication and co-operation.

“To be invited to speak on behalf of *TR* at such a high profile event in Asia, truly reflects our Company’s global standing”

Jim Barker
Chief Executive

Pictured (top right): Nut sorting machine
Pictured (bottom right): Screw sorting machine

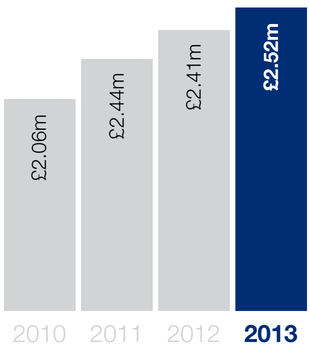
Overview – USA

"Creditable performance reflecting renewed vigour in the US economy and new multinational contract wins"

Glenda Roberts
Group Sales Director

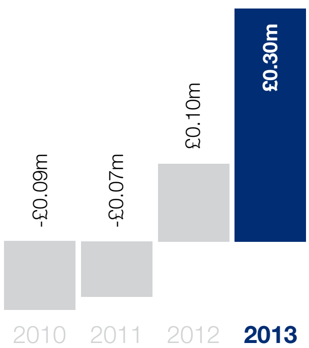
Revenue

↑5%



Operating Profit

↑200%



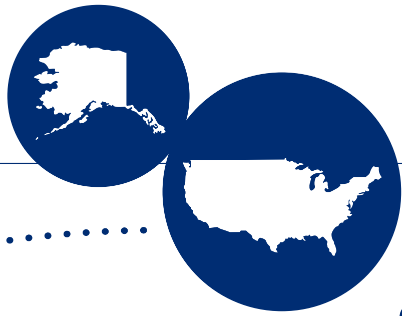
Number of employees	10
Site locations	1

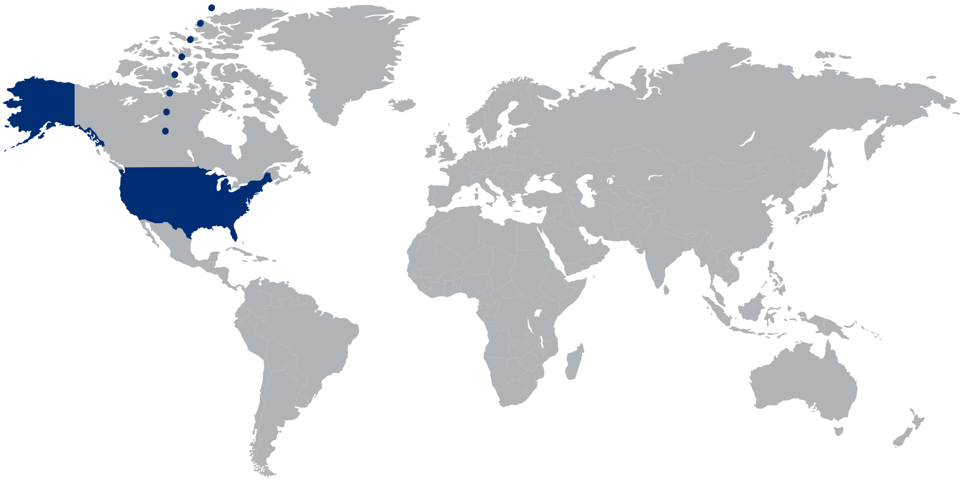
Evolution of opportunities

The main problem companies have in penetrating a new market is obtaining a fair opportunity from a customer to quote against an incumbent supplier. Most of the time, the opportunity is just a benchmarking exercise to get the incumbent supplier to lower their costs. Customers used to be reluctant to change suppliers due to the cost, resources, and time associated with the transition, let alone quality and supply concerns. All of these factors make it hard for a company to grow market share.

But a change, or shift in perception occurred during the middle of the market collapse in the last four years.

Companies have begun to recognise that markets are no longer restrained to geographical regions. A global economy drives demands for products, not just specific regions. Also, the market collapse has caused a '*rethink*' from top to bottom in all companies on how to reduce costs. No longer is it enough to just shave off labour by reducing the workforce, but costs needed to be lowered by controlling the supply chain. With these two changes, those scarce opportunities are now abundant.





Companies are now looking for global strategic supply chain partners, shedding the philosophy that the incumbent is the only solution. They are looking for suppliers that have a global footprint, suppliers who can provide global logistical solutions, suppliers who can provide cost reductions based on global demand, suppliers who can manage quality and service on a global platform, suppliers such as *TR Fastenings*.

The team here at *TR USA* acknowledges the opportunities we have before us. We realise how *TR*, as a global company, has positioned itself correctly to take advantage of this opportunity. *TR USA* will leverage that global footprint and continue to target large multinational companies, specifically in the electronics and automotive sectors.

The trick will no longer be '*How do we get an opportunity'*, but *'How do we separate ourselves from the competition as the correct solution'*

So the time is now, to make good on these opportunities while the market is fragmented and looking for a solution. That solution will be *TR*.

Gary Badzioch
Operations Director
TR Fastenings Inc.

"A high proportion of *TR*'s globally sited multinationals are headquartered in the USA, making *TR* Inc. strategic to our future plans"

Gary Badzioch
Operations Director
TR Fastenings Inc.

For information about **Business Performance** see page **08**

Global Sales and Business Development

Pictured: Global awards received by *TR*

The sales focus this year has been on the *'World of Opportunity'*. With an already established global footprint, we were in an enviable position to develop further the global reach and a local presence concept. The challenges this year have been very different to the previous three years, and have required different approaches and skills to develop further with the major multinational OEMs that we supply, and extend it to the rest of the customer base as required.

The enhanced requirements of these OEMs have been demanding, but instead of seeing these as issues we have embraced the challenges. These range from RoHS 2 legislation on products coming into the European market place and the testing of parts to prove there are no inherent banned substances, to IT developments such as self bill and Electronic Data Interchange (EDI).

Our attitude and willingness to support these requests in a timely manner has been appreciated, and elevates our status as many competitors fight the inevitable. This is not customer compliance, but an acceptance that service and support is a key differentiator.

Typical roll-out of sales to multinationals

Pictured (left to right): *TR* Group Marketing Team, Tom Dewhurst, Abi Burnett and Anjanita Eldridge

We have dedicated teams in place to ensure that RoHS2, conflict materials and carbon emissions are handled professionally. This enables us to fully comply with legislation and satisfy customer audits and vendor questionnaires. Having in-house IT support and programmers gives us the immediacy and technical knowhow to meet these needs.

In a very competitive world the levels of service and support that we give our customers is very important. The true value of the Vendor Managed Inventory systems (VMI) giving lean build cannot be underestimated, eliminating costs in holding and managing product and reducing the vendor base all have an intrinsic value to the customer.

End of life projects and build changes ran at a higher level this year, but we have replaced this business with new contracts that have longevity. In the automotive sector these contracts are typically for a six year period. A high percentage of this replacement business is within this sector which has the advantage of having fewer but higher volume parts compared to other sectors. This will be further reflected in the 2013/2014 figures as these contracts build in volume after the initial start-up of production. The way we handle new parts/business introduction has been modelled on the TS 16949 AQPQ process and we have fully trained NPI personnel controlling this key area at all hub sites. This ensures that we meet feasibility criteria, time lines, and eliminate risk to either our company or our customers. This is a global programme so that we have a consistent process with the same customer irrespective of where they are serviced.

Project Management is another key area of sales development. Managing enquiries where the same parts are required on three continents to multiple sites for the same OEM are now common, as the OEMs try to leverage their group usages and spends. To coordinate these across the *TR* business takes special skills. This involves logistics and finance teams input, an in depth understanding of freight and duty tariffs on product being sourced, managing currencies and preparing quotations tailored to encompass all of these factors. The global enquiry portal developed by *TR* personnel in-house is the central repository that is used as a common platform in the business and tracks all aspects of the quotation. We also have project managers on the Strategic team who work with sales, sourcing, quality and logistics in preparing the final quotations. This has proved to be very successful, and is a key component of new business development.

"This year we have required different approaches and skills to develop further with the major multinational OEMs that we supply, and extend it to the rest of the customer base as required"

Glenda Roberts
Group Sales Director

Global Sales and Business Development continued

"A number of the platform builds we supply into for JLR, Nissan and Volvo will now be replicated in China"

Glenda Roberts
Group Sales Director

Pictured (left to right): Lily Li, Helen Zhang from *TR* Shanghai with Glenda Roberts

Pictured (top): Jeremy Scholefield
TR Global Sales

Pictured (bottom): Zoltan Csengeri
TR Hungary

The Group marketing team have been very proactive during this year. Having this facility in-house is just invaluable as we can react swiftly to the business needs, and take advantage at short notice of opportunities to support the sales teams. The enhancements to the website, new brochures, support for product launches, new high impact exhibition stands used globally, and promotional activity all keep us ahead of the game, and we punch above our weight within our industry. The exposure we have had in trade and industry media using application stories or product launches, has increased substantially. We have also entered the world of social media using Facebook, YouTube and Twitter. We have seen some good results already and are attracting the right kind of 'followers', and fully expect this area to expand rapidly. The website is now in 15 languages, and Russian has been our latest addition as we again follow our customers into new markets. Mini sites have been created off of the main site to specifically focus on certain countries.

Pictured: *TR* India

Following extensive research we increased our strong product portfolio with the addition of a comprehensive range of plastic and cable management parts. These products were already within our range, but was often just an add on, particularly with customers who required us to manage their category 'C' products. Certain market situations opened our eyes to an opportunity to major on this product and we selected very good vendors in Asia and America to help us launch the range. This is the most comprehensive and well planned market launch we have ever embarked upon. The interest this has created has been significant, as we have offered substitute products to meet demand and expect this to be a 'real alternative' to the dominant brand names in this market. This range is being constantly expanded, and we expect this to be a major revenue earner going forward. We have recruited an experienced plastics brand manager to mastermind this product strategy and sales development on a global basis. Our sales teams are excited by this product range as initially we get quick wins with our existing customers, many of whom have been buying this product from numerous other vendors.

Traditionally, the electronics/telecom sector has been the largest sector within the *TR* Group. Automotive has now overtaken electronics and represents 33% of the turnover. The electronics sector however taught us, during the first decade of this century, how to follow this business globally as parts were transitioned to lower cost countries, or where we had assisted in the design of parts and were therefore the approved vendor. The countries involved were usually Mexico, China, Hungary and Poland. We are now seeing the emergence of Russia, Thailand, Vietnam and the whole ASEAN Region, being the new areas for development as the OEMs chase new markets or the next lower cost area. The ASEAN Region is of particular interest to us as we have seven manufacturing and distribution sites in this area. There are real benefits for companies setting up in this region, especially if product is manufactured within these 11 countries signed up to the ASEAN trade agreement.

One of the key strategies employed within both sectors is to network out to more locations of the same group as the hard work at corporate level will already have been completed, and we understand their business needs and requirements. *TR*'s global positioning enables us to do this, and the Strategic Teams work with the local *TR* sites to assist in securing the contracts at local level. Working within the design centres is key, and we have a preference when recruiting to employ more engineers who also possess a commercial aptitude. Product can be designed with an OEM in America, but the production volumes are then potentially required in China, Mexico, India, Slovakia and Thailand. Truly a 'World of Opportunity'.

Pictured: *TR* Thailand

We have had a very successful year within the automotive sector, and we have been the recipient of prestigious service awards from several Tier1's. Two of these have over 200 sites globally, so the potential is enormous. The acquisition of *PSEP* in Malaysia and their integration into the *TR* family has further strengthened our position in the marketplace.

Previously we were limited to supplying product for the car cockpit which encompassed seating, IP console, headliner fixings etc. Whilst these are used in substantial volumes, the value parts are in other parts of the vehicle e.g. braking systems, airbag assemblies, engine and powertrain fastenings.

Pictured: Management team – *TR* Asia

This is *PSEP*'s core competency and they are supplying the two wheel and four wheel vehicle sector. This gives us a complete supply capability on a vehicle and increases the product offering substantially. The *TR* European locations servicing the automotive Tier1's are strategically sited close to the manufacturing clusters e.g. North East for Nissan related business, Manchester for the Liverpool sites, Birmingham for the Midlands, Holland for the German and middle European plants, and Sweden for the Scandinavian and Russian market. However, China is the target market that is now our area of focus. A number of the platform builds we supply into for JLR, Nissan and Volvo will now be replicated in China. We are in many cases the approved vendor, and are perfectly positioned to manage this business from our established sites in China. Senior members from the *TR* Shanghai operations have spent time with our automotive and NPI teams to familiarise themselves with the product supplied, the builds and the quality requirements.

The activity level within sales is high, the enquiry portal is at a healthy level, conversion rates on new business are in line with budgets and I am optimistic about the organic sales for the new year.

'It's all about the opportunities ahead'

Glenda Roberts
Group Sales Director

Pictured (below):
Chris Black *TR* Global Sales,
Ron Vlutters *TR* Holland,
Roberto Bianchi *TR* Sweden

Manufacturers benefit from changes in Fastener Technology

"Advances in technology which lead to better design, improved productivity and new market opportunities are equally beneficial for the fastener manufacturer and customers – a great benefit to us all"

Geoff Budd
TR Europe Managing Director

Pictured: Plastic fasteners

The change in fastener technology has benefitted the manufacturer.

Millions, if not billions of fasteners are produced and sold worldwide every day. Designed in response to the constantly evolving needs of manufacturers, these integral components to our cars, fridges, computers and telephones are the lynchpins of our modern existence, without which our 21st Century lives would, literally, fall apart.

Advances in product technology and design, combined with economic and even environmental factors, mean that the successful fastener manufacturer and supplier has to be nimble enough to adapt its range constantly to manage its customers' needs, and stay ahead of competitors.

TR has been at the forefront of the industry since it was founded and today, regularly supplies over 5,000 companies with components, each with specific needs in both product and quality.

In recent years one major development in manufacturing industry has been the trend for using fewer, and lighter, materials. Already a market leader with our extensive range of metal fasteners and fixings, *TR* has recently launched a range of plastic fasteners, which looks set to become a core product range in its portfolio.

Where a fastener is needed to be versatile, light and yet strong, plastic is often the optimal solution. For example within the automotive sector the latest trend is for 'lightweighting' – a lighter car uses less fuel, is more economic and more environmentally friendly. *TR* recently supplied plastic fasteners to the UK car manufacturer Ariel Motors' Atom sports car, the objective to take weight out of the structure to enhance its world-famous performance.

The Atom is just one example of how we are currently approaching our clients and asking to work with them to understand their processes and see if we can use our engineering skills to improve production benefit. Plastic fasteners have the advantage of being multi-functional – why use a nut, bolt and a washer, when you could use a two-piece plastic rivet that takes less time to apply? That is where the *innovation* is.

UPDATE

Back in May 2011, an electric motorcycle (photo) designed and built by Phil Edwards set the UK record for electric motorcycle drag racing. As is the nature of motorsport the record was lost so Phil simply had to respond; the lure of record-breaking proving irresistible.

What's the plan?....a more ambitious target – building the quickest electric motorcycle in the world. That's going to need a motorbike with 1,000hp of clean energy, accelerating to 60mph in under one second, 200mph in just four seconds, and on to 225mph… in just quarter of a mile.

Welcome to this great British project that's designed to showcase UK talent and inspire the next generation of engineers and scientists. *TR* is proud to be one of the support sponsors.

www.youtube.com/wealdevt

Innovation is all in a day's work for *TR*'s team of technical specialists with communication between customer and *TR* key to success – we regularly undertake market research and invest considerable time and resources in the development of new products as a result. Our Application Engineers regularly work alongside product designer and developers to provide technical assistance on materials and product development – a bespoke service for those who request it.

TR's range of Hank Rivet Bushes, Hank Self Clinch, Blind Rivets, Euro Rivet Bushes, Swage Nuts, Weld Nuts and K-Series products all offer threads in a variety of materials where the sheet is too thin to be tapped by conventional methods. This has ensured that *TR* has positioned itself as a market leader in the sheet metal fastener sector with its own-range of fasteners. As metals became lighter and thinner during the 1990's we introduced the *TR* Hank Clinch Fastening range which now currently comprises 750 different components and continues to expand to meet commercially viable markets and customer needs in numerous industry sectors, including medical equipment, marine, automotive, white goods, telecommunications, electronics and general engineering.

Binx Nuts range is another exclusive fastening to *TR*'s product portfolio. Originally designed in the 1960's, the *Binx* nut, unaffected by temperature fluctuations has been refined and developed by *TR* Fastenings to an all-metal, self-locking nut suitable for use in various industry sectors and remains the first choice for many, especially where vibration resistance is a priority such as in high-end specialist engineering industry sectors.

Meanwhile, further investment in product development for the thermoset and thermoplastic industries has enabled *TR* to expand its screws for plastics range with the introduction of the Plas-Fix 45 screw.

Pictured: Rivet Bush

Pictured: K-Nut

Pictured (opposite): *Binx* Nut

Pictured (below): *TR* has been manufacturing the genuine *Hank Rivet Bush* for 30 years and the new Euro Rivet Bush offers a competitive product for the European market

Human Resources – Training and Development

Apprentices

Following on from *TR*'s successful introduction of its *Apprenticeship* Scheme launched last year, we have taken on another new business apprentice this year from Uckfield Community Technology College. Earlier in the year, we attended a Careers Fair at the local college; joined by one of *TR*'s first apprentices, we were able to demonstrate the opportunity and environment for a student joining the business, and this approach seemed to attract a lot of students to our display stand – which was very encouraging to us. We all know only too well that in today's fast moving world of commerce the business community needs to attract high calibre young people to be trained to become the next generation of business leaders and entrepreneurs.

At the time of writing, we now have apprentices in manufacturing, warehousing and in operations.

Graham Morrison has successfully completed his first year as a business apprentice and has benefited from his hands-on experience, learning different modules within each department, and very encouraging to us is that the feedback has been equally good from both the student and the respective departmental heads, so an overall asset win for *TR*.

James Hope is the latest new apprentice who is currently in his first three-month placement within the warehouse environment, and already it has been pleasing to see we are developing his inner skills for both his own and *TR*'s benefit.

Jade Wickham who we featured in the 2012 Annual Report has successfully completed her Apprenticeship, and we are all delighted that she has secured a full-time position with the Company as a Data Coordinator working within the Strategic Team.

All of these are great examples of young people who have committed to learning and training, and their hard work and dedication is an asset to us as a business – both from a local and international perspective.

Leadership Programme

We launched our *Leadership modules* in May this year. This programme is initially bringing together on a monthly basis eight location heads from the UK and Ireland; over the next 14 months we will be striving to achieve the following aims:

Aims of the programme

- To drive joint initiatives through the UK & Ireland
- To further develop leadership skills
- To develop and implement 'Best Practice' across the UK and Ireland
- To build and enhance relationships with peers and functional heads

Overall objective

- To create a highly skilled and unified team to manage change and deliver business success across the UK & Ireland

"Designing personal development training for such enthusiastic colleagues is a real delight"

Helen Toole
HR Adviser

For information about our **Business** see page **10**

Human Resources – Training and Development continued

UK, Europe & USA

Office based employees

Female
48%

Male
52%

Office based employees with management grade

Female
39%

Male
61%

Within the first *Leadership Programme*, each location head from the UK and Ireland has taken a lead for each of the key functions (Sales, Purchasing, Quality, Warehouse and Logistics, Human Resources, Systems, Finance). Each is responsible for collating the issues relating to that function and subsequently feeding them through to the functional head prior to the three-day leadership programme session: as a result, they will then be responsible for the action plan resulting from their discussions.

In addition, the team is also undertaking as part of the programme, four one day sessions with an external leadership trainer who will be concentrating on their leadership skills and how they interact with others, and the resultant impact they can have on colleagues and the business. We do not want them to lose their local passion, which is undoubted and shines through, but we want them to also view the entire *TR* business as one entity.

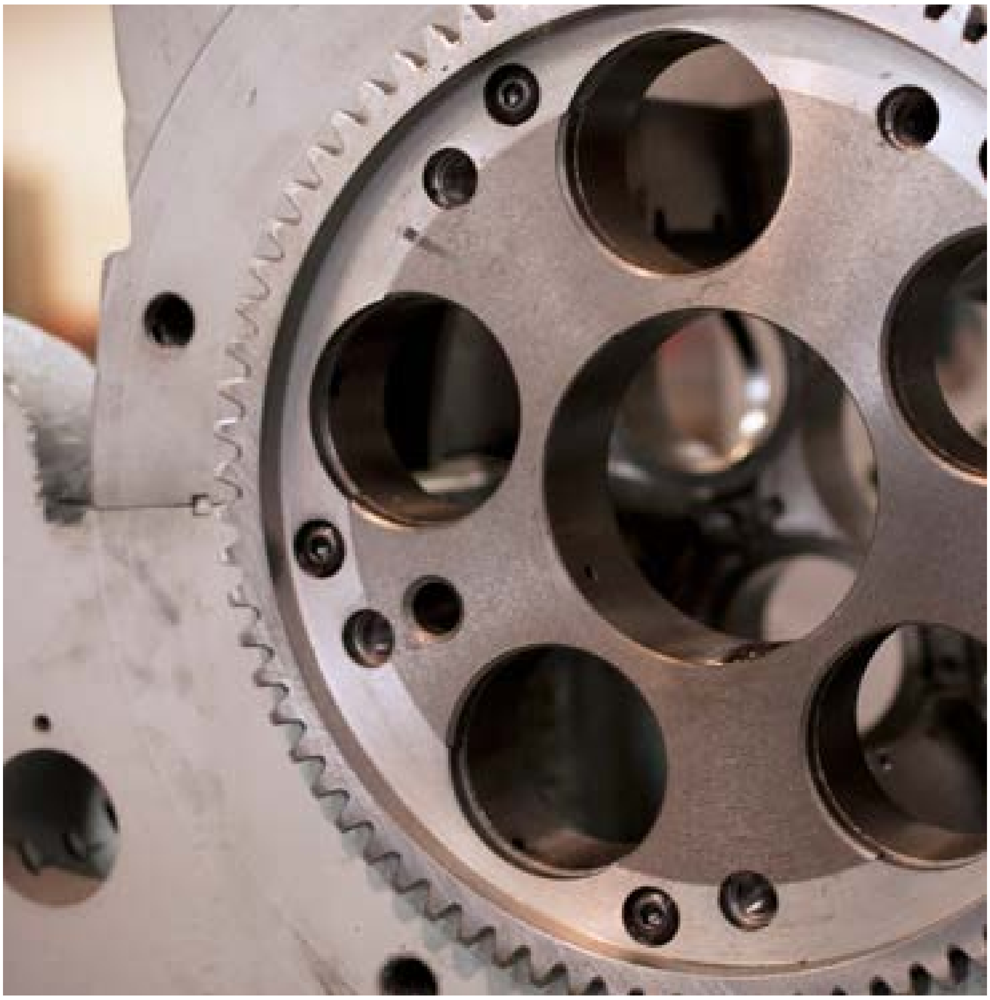
Training and Development Module

Following on from the *HR Self-Service System* (introduced to the business two years ago) and the *Performance Management System* introduced last year, we are, in the coming twelve month period, to add a *Training & Development* module to the system. This will allow employees not only to browse training opportunities and courses and to be able to request training through the system, but will also give *TR* a more proactive and effective approach in managing the training budget. Once training has been completed, evaluation forms will be automatically generated allowing us to ensure that the training offered is relevant, fit for purpose and that the trainers are up to the standard that we would expect.

At *TR* we value our colleagues, and so it is therefore important to open up opportunities to everyone at all levels, skills and ability. Today we are training the leaders of the future, and it gives my HR team and management great satisfaction to see the investment in our people reaping dividends for all stakeholders and most importantly, the individual.

We look forward to reporting on our successes once again, in next year's Annual Report.

Helen Toole
HR Adviser



UK, Europe & USA

Warehouse/manufacturing based employees

Female
5%

Male
95%

Warehouse/manufacturing based employees with management grade

Female
15%

Male
85%

Corporate Social Responsibility

Illustrated are a number of charities and sponsorships which *TR* has supported within the communities in which we operate:

Chris Tull and Dave Hinton from *TR* Systems ran in the Brighton Marathon for The British Heart Foundation and the NSPCC.

Sam Pert, from *TR* Uckfield, took part in the London to Brighton Bike Ride for The British Heart Foundation.

Claire Coleman from *TR* Manchester, took part in the Great Manchester 10k run for The Alzheimer's Society.

Read more content online at www.trfastenings.com

Introduction

The Trifast Main Board and Operational Management teams continue to focus on delivering *'Continuous Improvement'* in relation to the Group's objectives and *'performance measurables',* that is, how we as a business approach CSR – both for individual business teams, 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.

As stakeholders are aware an increasing number of multinational customers now include CSR audits when inspecting and validating potential new suppliers; therefore, our responsibility to further develop our own CSR activities is ongoing and extends beyond business ethics, environmental and community to include essential major customer compliance.

At local level, we continue to encourage 'loaning' of staff, or other relevant Company resources to, for example, local charities, youth organisations, and hospices in order to assist and support them with their community activities. We 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 has developed close links with local schools and colleges and actively promotes opportunities for work experience, classroom seminars, pupil and staff visits so as to generally foster a better level of understanding between *TR* as potential employers and the future providers of possible applicants for employment. This has for the second year running been our main resource for recruiting school leavers into our new Apprenticeship scheme and NVQ Business studies programme at *TR* Uckfield. As a business, we subscribe to the UK 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 continues to be tough for young people. Whilst *TR* is proud of its very low staff turnover, there remains the 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.

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 on-site visits, encourages compliance and good practice within our supply chain.

We will also do our utmost to contract only with sub-contractors or suppliers who themselves adhere to international human rights and environmental laws and practices. *TR* commits to monitor the ethical performance of its key suppliers and to taking immediate steps in cases where the ethical performance of its key suppliers comes into question. All key suppliers to the business are required to agree and sign our comprehensive *'Quality and Sustainability Agreement'* before entering into a trading relationship with *TR*. This agreement fully covers the suppliers Business Ethics, Health & Safety and Environmental Management with regard to national and international laws (including labour and ethics) along with submission of their written policy and contact details of the 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.

Below are extracts 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.

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

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

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

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

TR Scotland and *TR* Head Office took part in the 'Wear it Pink' fundraising day.

John Nar from *TR* West Midlands, took part in the 13-mile 'Walk For Kids' Charity event.

TR Newton Aycliffe competed in Muddy Mayhem in March 2013 in aid of *'Help for Heroes'*.

Corporate Social Responsibility continued

Bringing Sport to children, *TR* North-East sponsors St Mary's Aces football club and Bishop Auckland St Mary's Junior's FC and also the Bishop Auckland St Mary's Junior's FC.

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. Resulting from our excellent safety record, we continue to work towards our stated goal of 'a reportable accident free target period of one million working hours'.

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

Environment

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

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

- In respect of waste management specifically, we use the services of an external professional agency to manage and monitor activities using health check compliance audits and advice on data collection systems. Promoting recycling, we follow the agency's recommendation for appropriate waste disposal.
- Group performance and risk reviews are undertaken via Management Review on a regular basis and reported directly to Jim Barker, Chief Executive who has Main Board responsibility for the Group's Environmental Risk Policy. *TR* will communicate any significant environmental impact with third parties on request.
- Our Fleet Manager focuses on manufacturers who can supply vehicles with below average carbon emissions.
- Our Logistics Managers continuously review the efficiency of our van delivery routes in conjunction with customers in order to examine opportunities to reduce delivery frequency, and where appropriate, to outsource 'far flung isolated' routes to daily delivery freight specialists. This has resulted in our van fleet being reduced by 25% since March 2009 – this has delivered significantly reduced mileage, costs and carbon emissions.
- The *TR* Uckfield office and warehouse facility has begun to recoup the capital cost (first of four year target set last year) in energy savings and reduce the actual carbon footprint since the investment in replacement HVAC.
- The utilisation of video conferencing systems around the business continues to assist us to significantly reduce costs and 'lost time' from staff travel needed in a multi-site operation involving 31 business teams located in 16 countries.

The business and the community

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

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

Employees

TR aims to *attract, retain and motivate* the highest calibre of employees within a structure that encourages their development and initiative.

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

To retain and add to the skills of our dedicated and committed workforce, we continue to enhance our HR resources & training, capabilities through professional managers and technology so as to provide an all-encompassing HR tool for each staff member that identifies and meets their future training, personal development and support services.

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

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.

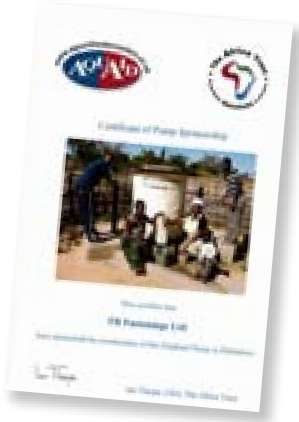
We maintain our investor and commercial websites as one of the main routes for providing information to interested parties and for contacting us.

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

During the year, the Chief Executive, Executive Chairman and other Main Board Directors continued with the highly successful '*TQM Tour*', re-introduced in 2010. This initiative involves a visit to each English-speaking 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 open dialogue, questions and feedback on all aspects of the business and its plans. From this we have been able to work with our colleagues and ensure that as a team we create the right environment to develop our people and overall productivity.

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

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



TR received documentation to certify that the construction of an Elephant Pump in Zimbabwe has now been completed in the Company name. We also received a letter of thanks from Taniche Mahachi, aged 14, from Manicaland Province where our well has been constructed.

LUPUS UK

TR's Marketing Manager Anjanita Eldridge completed her first triathlon with flying colours supporting Lupus UK.

The Lead Team

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

Malcolm Diamond MBE
Executive Chairman

Length of service:
total 31 years; re-appointed in 2009 to the PLC Board as Executive Chairman. Formerly, Trifast CEO for 18 years before retiring in 2002

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

Committee membership:
Nominations Committee and by invitation

Executive Directors

Length of service:
total 31 years; re-appointed in 2009 is the PLC Board after retiring as CEO in 2007

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

Committee membership:
Nominations Committee and by invitation

Jim Barker
Chief Executive

Length of service:
14 years; appointed to the PLC Board in 2010

Key areas of expertise:
all aspects of financial planning, reporting and controls at Group and operational levels; Company secretariat function

Committee membership:
by invitation

Mark Belton
Group Finance Director
& Company Secretary

Length of service:
37 years; appointed to the PLC Board in 1986

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

Committee membership:
by invitation

Geoff Budd
TR Europe
Managing Director

Length of service:
23 years; appointed to the PLC Board 2010

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

Committee membership:
by invitation

Glenda Roberts
Group Sales Director

Length of service:
18 years; 34 years within the industry, appointed MD of *TR* Asia in 2009

Key areas of expertise:
manufacturing & engineering, specifically in product development and cold forging technology; business management in diverse Asian cultures

Thomas Tan
Managing Director
TR Asia

Independent Non-Executive Directors

Length of service:
4 years; appointed to the PLC Board in 2009

Key areas of expertise:
finance, audit, governance and compliance

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

Neil Chapman
Senior Independent Non-Executive Director

Length of service:
4 years; appointed to the PLC Board in 2009

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

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

Jonathan Shearman
Independent Non-Executive Director

Length of service:
appointed to the PLC Board on 25 April 2013

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

Committee membership:
Member of the Nominations, Audit and Remuneration Committees

Scott Mac Meekin
Independent Non-Executive Director

PLC Board

Female
12%

Male
88%

July 2013

Senior People

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

Malcolm Diamond MBE
Executive Chairman

Senior People – Asia

Female
15%

Male
85%

Asia

Charlie Y L Foo
Chief Operating Officer
PSEP, Malaysia
Length of Service: 41 years

Wilson Chen
General Manager
SFE, Taiwan
Length of Service: 26 years

HK Tan
General Manager
TR Formac, Malaysia
Length of Service: 21 years

Endy Chin
General Manager
TR Formac, Singapore
Length of Service: 18 years

Phua Yong Sang
General Manager
TR Formac, China
Length of Service: 8 years

Europe

Roberto Bianchi
Managing Director
TR Sweden
Length of Service: 28 years

Dara Horgan
General Manager
TR Southern Fasteners, Ireland
Length of Service: 20 years

Jan Erik Storvse
General Manager
TR Norway
Length of Service: 17 years

Ron Vlutters
Managing Director
TR Holland
Length of Service: 15 years

Zoltan Csengeri
Location Head
TR Hungary
Length of Service: 10 years

UK

Sam Wilson
Managing Director
Lancaster Fastener Company
Length of Service: 32 years

Dave Fisk
Managing Director
TR Fastenings
Length of Service: 20 years

Stevie Meiklem
Purchasing & Operations Director
TR Fastenings
Length of Service: 21 years

Maria Johnson
Finance Director
TR Fastenings
Length of Service: 7 years

Colin Coddington
IT Operations Manager
TR Fastenings
Length of Service: 18 years

Ian Carlton
Director of Quality
TR Fastenings
Length of Service: 15 years

Helen Toole
HR Adviser
TR Fastenings
Length of Service: 3 years

USA

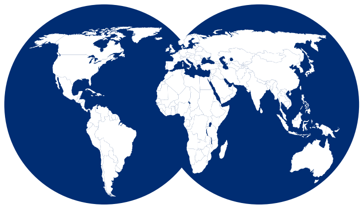
Gary Badzioch
Operations Director & Financial Controller
TR Fastenings Inc.
Length of Service: 6 years

Bradley Allen
Strategic Business Development Manager
TR Fastenings Inc.
Length of Service: 11 years

James Bohannon
Quality & Logistics Manager
TR Fastenings Inc.
Length of Service: 14 years

Joseph Haymes
Strategic Business Development Manager
TR Fastenings Inc.
Length of Service: 12 years

Global Sales



Chris Black
Strategic Team – Automotive
Length of Service: 6 years

Jeremy Scholefield
Strategic Team – Electronics
Length of Service: 13 years

Phil Callaghan
Strategic Team – Logistics
Length of Service: 19 years

Senior People – Europe, UK and USA

Female
23%

Male
77%

Managing the Business

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

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

Key Risks and Uncertainties	Mitigation
Personnel	
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 a key part of an individuals’ personal development plan – with a clear HR strategy in place we operate an ongoing programme of rolling out new initiatives and modules to support both the Group’s business plans and the personal goals of all our staff. The Group also has in place an ‘emergency plan’ to cover short term issues, however the Group has also developed its ‘Succession Planning Module’ which provides detailed plans in the event of, for example, loss of key personnel; including key officers who the Board consider to be ‘the next generation’ leaders. In circumstances where more specialist skills at a senior/operational or Board level are needed, learning programmes and development modules are instigated to assist with career development and learning pathways and added to personal development programmes which are undertaken internally or externally by suitably qualified personnel.
Quality and Manufacturing	
The Group operates stringent ‘Total Quality Management’ (TQM) procedures and measures its performance.	*TR* manufactures around 30% of its inventory, the balance being sourced from strategic manufacturing partners. As with key customers, *TR* regularly visit manufacturing operations to ensure that high standard operating procedure guidelines which cover production, security, logistics and quality are being adhered to.
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.
Global Protectionism	
Increasing evidence of growing trade protectionism around the world.	Geographically spread our supply chain sources.

***TR*’s key performance objectives remain ongoing:-**

Increase Revenue, organically and acquisitively

Increase profitability

On-going margin enhancement

March 2013

8%

45%

6%

Key Risks and Uncertainties	Mitigation
Working Capital and Stocks	
As the business continues to grow *TR* is required to carry additional stock to meet its transactional and OEM business which could lead to an increased exposure to obsolete stock.	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 ongoing tight control over stock purchases has seen us once again report a reduction in stock weeks.
Customer Failure and Debtor Exposure	
Serving over 5,000 customers in 50 countries bring complexity and stock challenges.	The business operates very tight controls on debtors and working capital. Monitoring systems and reports in place assist in highlighting and managing debtor defaults and customers' trading; the impact of these controls is reflected in the reported Accounts which show less than 5% Group exposure in balances overdue.
Macro Economics	
Currently Group revenue comes from across the UK (47%) and Asia (32%) with the balance from Europe and the Americas. Traditionally, whilst the distribution/manufacturing sectors bear the effect 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; as previously stated in earlier publications, 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.

KEY: Organisational & Operational, Financial, External

Maintain positive cash generation

Adjusted 85.3%

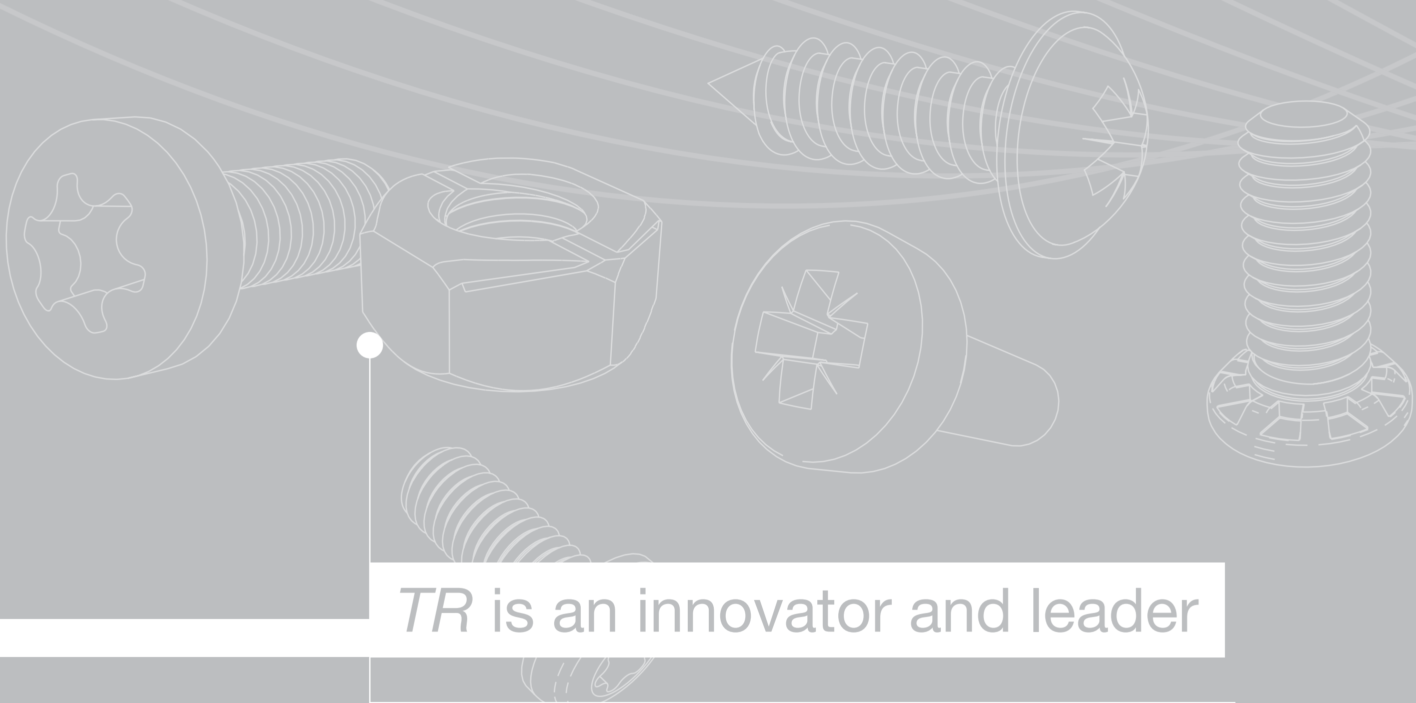
Build on Return on Capital Employed

12%

Broaden and development of management and staff skills

Training & succession planning modules

Through the Years



TR is an innovator and leader

in partnership with customers

aiming to keep the wheels

of industry turning for

many years to come

Take a look inside ...

"From small beginnings, *TR* has grown into an international business, delivering to its customers through a first class service, quality product at competitive prices"

Malcolm Diamond MBE
Executive Chairman

Visit our website
www.trifast.com

1973 *TR* Fastenings established by Mike Timms and Mike Roberts

1976 First UK in-house manufacturing facility established
and the *Hank* name purchased

1982 Acquired the rights to the *BINX* Nut and sole global manufacturer

1982 to Six new *TR* sites opened across UK

1992 Introduced Vendor Managed Inventory into the fastenings industry (VMI)

1993 Acquired Fastener Techniques (UK)

1994 Acquired Southern Industrial Fasteners (Southern Ireland)
Obtained a full listing on the London Stock Exchange

1996 Acquired:
Magne Bjorlo (Norway)
Samson Industries (USA)
Microscrew (UK)

1997 Acquired Formac Technologies (Singapore)

1998 Acquired:
Miller Holding (Holland)
Lancaster Fastener (UK)
Polyfasteners (Malaysia)

1999 Acquired FCF (Sweden)

2000 Set up greenfield distribution site in Hungary

2001 Acquired SFE (Taiwan)

2002 Set up greenfield distribution site in China

2003 Acquired the globally recognised trademark of *Pozidriv*

2005 Acquired Serco Ryan (UK)

2006 Set up greenfield manufacturing site in China

2009 Business restructured and new strategy implemented

2011 Acquired PowerSteel and Electro-Plating Works (Malaysia)

For information about our **Long Service** see page **54**

The Story Behind the Years

"A number of those that joined the business at its humble beginnings remain with us to this day. New young blood has since joined and together we have all experienced many developments through the years"

Jim Barker
Chief Executive

Looking back as *TR* celebrates 40 years of Service innovation

Founded in June 1973 in a rented room and the basement (for storage) in a Listed historic house at the top end of Uckfield High Street by Mike Timms and Mike Roberts, with their wives and a van driver as their first employees. They has previously built up their fastener industry knowledge and experience as managers at Tern Screw Ltd. in South-East London, but its subsequent acquisition by the Glynwed Group in Birmingham motivated them to start their own fastener business.

Jim Barker (a former Glynwed colleague) joined them in 1974, followed by myself and then Geoff Budd in 1976, by which time *TR* had moved to a small converted industrial unit in the town, and in that year, in-house manufacturing of threaded sheet metal fasteners was added to the Uckfield distribution facility. John Wilson joined as head of finance in 1978.

Rapid expansion then followed, with distribution sites established in Northern Ireland, Bracknell, East Kilbride and Newton Aycliffe, along with an acquired self-locking nut factory in Northampton and a large new greenfield factory in Telford for turned parts and cold heading of screws.

Once satisfied that their business was growing very successfully, the two founders retired from operational involvement in 1984, leaving *TR* under the day to day responsibility of their four Executive Directors. The founders then resigned as Directors shortly before the business was fully listed as Trifast PLC on the London Stock Exchange in February 1994 with, by then, a sales turnover of £23m and a market capitalisation of nearly £32m.

Growth and profitability then grew dramatically year-on-year until the end of the decade, largely driven by *TR*'s expertise in component logistics management directly on to the assembly lines of mainly multinational electronics customers – predominantly in the telecoms sector.

During this time, the decision was taken to invest heavily into Asia – with fastener manufacturing acquisitions in Singapore, Malaysia and Taiwan, and then a greenfield distribution centre based in Shanghai.

In 1998, institutional shareholders in the City rejected the Board's wish to diversify risk by acquiring a major UK competitor who mainly served the automotive and engineering sectors. Following the lack of any impact from the 'Millennium Bug' in 2000, there followed the global collapse in demand for telecoms hardware in 2001 (now known as the 'DotCom' crash) which heavily decimated *TR*'s profits within three months. The Company had to act quickly to reduce its overheads as a result including closing the marginally profitable factory in Telford.

In 2002 after 18 years of leading the business, I stepped down as CEO and retired from the business and went on to build many commercial interests and assist young growing business enterprise. I handed over to my colleague Jim Barker, who in 2005 went on to lead the acquisition of *Serco Ryan*, a large UK fastener distributor that had little reliance on the electronics sector. By mid-2007 having being at the helm for five years and recovering turnover and profit to levels close to performance achieved prior to the DotCom crash in 2001, Jim Barker retired after having served 26 years with *TR*.

However, it became clear during 2008 that Trifast was going to fail in reaching its City growth and profit targets, thus becoming in danger of severely disappointing its shareholders as profit warnings were issued by the Company.

In early 2009, when the full impact of the global recession was becoming clear, several major shareholders initiated a move to make substantial changes to the Board, and myself and Jim Barker were asked to make a return as Executive Chairman and CEO respectively, in order to help restore investor value.

By late that year, after the senior management changes, Trifast had moved back into profit as the first stage of a three year recovery plan put together by the revitalised Board instigated. This building back of financial performance and strength has continued consistently since then, resulting in the ability to acquire the high quality Malaysian based manufacturer *PowerSteel* (*PSEP*) in late 2011. This move broadened *TR*'s capacity in larger diameter cold formed components that meet the demands of the automotive sector, which now accounts for 30% of *TR*'s global revenue.

In retrospect, the Nineties was a 'golden decade' for *TR* with meteoric growth from £23m in 1994 to over £100m by year 2000, accompanied by a share price that grew from £2 to over £12 in six years (after share split in 1999, this equates to 50p and £3); however, being unable to secure shareholder investment to spread the risk of over 50% exposure to the electronics sector back in 1998 proved highly costly in 2001.

Happily, the combination of the *Serco Ryan* business coupled with a highly successful international sales campaign to secure revenue from the less 'fractious' automotive sector has now made *TR* less exposed to risk by having its main customer divisions more evenly spread, with no one company accounting for more than 5% of total sales.

In June 2013, *TR* celebrated its 40th Anniversary; the Company continues from strength to strength, all thanks to our dedicated and skilled management and staff, who from humble beginnings now amount to over 1,000 personnel working in 23 divisions in 16 countries across three continents.

Malcolm Diamond MBE
Executive Chairman

TR Long Service Colleagues

"Over 30% of our global workforce have been with us for 10+ years, their knowledge skills and experience are being passed to the next generation of the *TR* family"

Malcolm Diamond MBE
Executive Chairman

Simon Lockeyear
Production Manager
30 years
TR Manufacturing, UK

'I get a sense of pride knowing that the products that we have made here in the UK are considered the best in the market'

Sharon Cain
Internal Sales
38 Years
TR West Midlands, UK

'I have enjoyed doing different roles over the years and I enjoy working with the people at *TR*'

Bill Jambor
Commercial Director
15 years
Lancaster Fastener, UK

'I particularly enjoy the day to day communication with our suppliers in Asia, many of which I have been dealing with for many years and as a result have made many friends there'

Phil Nutley
Sourcing Manager
36 years
TR West Midlands, UK

'The thing that I most like about working at *TR* is that it's different every day and I'm still learning. New challenges constantly present themselves everyday and in the process of trying to solve them, generally I discover something new'

Sam Wilson
Managing Director
32 years
Lancaster Fastener, UK

'I have enjoyed developing the 'Lancaster' brand as an industry leading range of fasteners, respected for both quality of product and excellence in service, it has been a very satisfying opportunity made possible with the support of a dedicated and professional team'

Per Edlund
Warehouse Manager
25 years
TR Norge, Europe

'I am very satisfied with my job. Good colleagues and *TR* is a very good Company to work for'

Gill O'Halloran
PA to Executive Board
17 years
Trifast plc, UK

'I have worked for *TR* for 17 years and have seen many changes but the one constant is staff; they are the Company's truest asset'

Goh Kim Seng
Product Planner
15 years
TR Asia, Singapore

'I view my job is not 'just a job'. My function as production planner gives me an opportunity to exercise my good planning skill. When properly executed, I actually help my colleagues to get parts to our customers on time'

Oh Ming Loi
Product Supervisor
15 years
TR Asia, Singapore

'I like this job as the Company is caring. I am glad *TR* gave me the opportunity to grow from a machine operator to my current role as Production Supervisor'

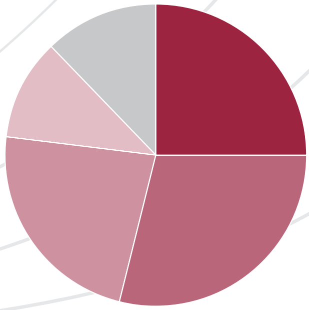
Wong Teng Lock
Production Foreman
15 years
TR Asia, Singapore

'I have a passion for machines and thus working in production with machines is my natural enjoyment. This Company has friendly and co-operative working environment'

Eric Tay
Plant Manager
15 years
TR Asia, Singapore

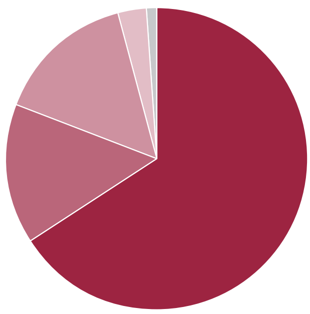
'I like my job especially when being challenged with new product requirement. Our team and I achieve satisfaction when we are able to turn product concept to production. I view problem as a challenge with opportunity to grow'

Employees by length of service – UK, Europe and USA



Under 5 years	25%
5 to 10 years	29%
10 to 15 years	23%
15 to 20 years	11%
20 to 40 years	12%

Employees by length of service – Asia



Under 5 years	66%
5 to 10 years	15%
10 to 15 years	15%
15 to 20 years	3%
20 to 40 years	1%

Our Governance

The Board has responsibility

for Group controls

designed to manage risk

and to achieve business objectives

"We have excellent skilled people and we should incentivise and reward them based on their performance"

Jonathan Shearman
Independent
Non-Executive Director

Visit our online report
www.trifast.annualreport2013.com/our-governance

‘Health Check’

system to review operational & financial systems and controls

Main Board

undertakes an Annual Evaluation on Performance

Independent NEDs

shareholders and advisers have full access anytime

Thinking locally, operating globally

For information about **Independent Non-Executives** see page **45**

Directors' Report

The Directors present their Directors' Report and financial statements for the year ended 31 March 2013.

Results and proposed dividends

Total Group revenue from continuing operations was £121.54 million (2012: £112.51m) and the profit for the year before taxation was £6.44 million (2012: £4.76m). Underlying profit before tax for the Group was £7.25 million (2012: £5.00m); see note 2 for breakdown.

The Directors recommend a final dividend of 0.80 pence net of tax (2012: 0.50p) per ordinary share to be paid on 18 October 2013 to shareholders registered at the close of business on 5 July 2013. This has not been included within creditors as it was not approved before the year end.

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 Group Business and the Finance Reviews. 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 pages 7 to 16. An analysis of key performance indicators is given on page 7.

A description of the principal risks and uncertainties facing the Group is discussed on page 48.

A description of the main trends and factors likely to affect future development is given on page 48.

Information on environmental and social issues is provided on pages 40 to 43.

The key assumptions underlying the going concern basis of preparation are included on page 81.

Annual General Meeting (AGM)

The AGM will be held on 17 September 2013 at Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Policy and practice on payment of creditors

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

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

The number of days purchases in trade payables at the end of the financial year for the Company was 56 (2012: 57) and 61 (2012: 61) for the Group.

Directors and Directors' interests

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

Chairman

MM Diamond MBE	–	Executive Chairman

Executive Directors

JC Barker	–	Chief Executive
MR Belton	–	Group Finance Director
GP Budd	–	Managing Director *TR* Europe
SV Murphy	–	(Resigned 31 January 2013)
GC Roberts	–	Group Sales Director

Non-Executive Directors

NS Chapman	–	Senior Independent
JPD Shearman	–	Independent

The Directors' remuneration and their interests in share capital are shown in the Remuneration Report on pages 64 to 70.

Substantial shareholdings

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

As at 31 May 2013, 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
Schroders Investment Management	11,364,078	10.48
Henderson Global Investors	11,168,830	10.30
Mr Michael Timms	11,000,000	10.14
Hargreave Hale	9,583,312	8.84
AXA Framlington Investment Managers	8,771,034	8.09
Miton Capital Partners	6,451,877	5.95
Mr Michael J Roberts	5,960,000	5.50

Corporate Governance

The Corporate Governance Statement on pages 61-63 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 61-63. 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 67) 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 page 40 of this Report.

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.

Directors' Report continued

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 (2012: £nil) and various charitable contributions totalling £4,129 (2012: £1,907).

Disclosure of information to Auditor

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

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit LLP as Auditor of the Company is to be proposed at the forthcoming AGM.

By order of the Board

Mark Belton
Company Secretary

Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Company Registered number: 1919797

24 June 2013

Corporate Governance

With exceptions as highlighted below, the Company complied with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in 2010.

The Board acknowledges Malcolm Diamond is a non-independent Executive Chairman which does not comply with the requirements of section C.3.1 of the Corporate Governance Code. However, the Board believes, that given Mr Diamond has sat 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 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

On 25 April 2013, Scott Mac Meekin was appointed as an Independent Non-Executive Director to the Board.

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

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

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

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

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

MM Diamond	9
JC Barker	9
MR Belton	9
GP Budd	8
SV Murphy	6
GC Roberts	9
NS Chapman	9
JPD Shearman	9

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 Auditor and to management and there is a formal procedure for Directors to obtain independent professional advice in the furtherance of their duties should this be necessary. All Directors have access to the advice and services of the Company Secretary.

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

The Board meets a minimum of five times a year, and is supplied as early as practical with an agenda and appropriate papers. 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.

Corporate Governance continued

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 judgements 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 Corporate Governance Code.

It is Group policy to ensure Auditor independence by carefully considering any non-audit work carried out by the Auditor. There are no contractual obligations that oblige the Company to appoint KPMG to conduct the annual audit. There is no agreed timescale requiring formal tendering of the audit appointment; however, the Committee reviews on an annual basis the performance, expertise and independence of the external Auditor and maintains appropriate contact with potential alternative suppliers for audit and accountancy Advisery services. In addition, the Board receives written confirmation from the Auditor of any relationships they have which may cause a conflict of interest, together with a declaration from them that they consider themselves to be independent. The Board has approved the Auditor undertaking certain other limited activities for the Group but any assignment outside these activities requires separate Board approval. Following its review, the Board is satisfied that independence has been maintained and it is satisfied that it is appropriate to continue with the re-appointment of KPMG LLP as the Company's Auditor.

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 Executive Chairman, Chief Executive Officer (CEO) and Group Finance Director (GFD) 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 Auditor 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 two occasions.

The Nominations Committee

The Nominations Committee comprises Neil Chapman and Jonathan Shearman (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. Appointments will be made after evaluating the balance of skills, knowledge, experience and diversity on the Board. In identifying suitable candidates the Committee shall consider from a wide range of backgrounds both internally and externally and will take due regards for the benefits of diversity on the Board, including gender taking care that appointees have enough time to devote to the position. During the period, the Committee met on three occasions.

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.

Trifast also works with City specialists to ensure all levels of shareholders receive Group information. These include:

Arden Partners plc – Stockbroker and Adviser to the Company: Institutional Fund Managers
TooleyStreet Communications – Investor Relations, Analysts, Private Client Brokers and Media
Edison Group – Investment Research which is also available on the Trifast website

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

Going concern

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

Internal control

The Corporate Governance 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 in this publication and via the Company website.

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 misstatement 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 ongoing 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.
- 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 Auditor.
- 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 £50,000 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

(Information not subject to audit)

24 June 2013

Trifast plc
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Website: www.trifast.com

Dear Shareholder

As Chairman of the Trifast Remuneration Committee, I am pleased to introduce our Remuneration Report for 2013. This has been a busy year for the Company during which we have continued to generate increased profits through:

- delivering high quality service which is rewarded through increased market penetration
- winning new business at enhanced margins
- extending our product ranges
- successful integration of recent acquisitions

Our remuneration policy at Trifast is to have in place a structure that can incentivise and retain those key executives who are critical to execute the business strategy. Cognisant of the difficult position your Company found itself in when the 'new' management team was put in place, salary levels for our Executive Directors have historically been set at highly conservative levels. To somewhat compensate for this, options were granted in 2009 to sit alongside the three year recovery plan. These have now vested given the successful completion of the plan and the Company needs to consider how to align the interests of executives with shareholders over the coming years as we go forward with Trifast's next stage of development to consolidate our position as a leader in the global fastener business.

We do not believe that the historic policy of highly conservative levels of fixed remuneration underpinned by a grant of options which supported the recovery plan is any longer appropriate to retain, attract and motivate executives of a calibre required to execute the business strategy over our next stage of development. We are also mindful of the changing attitude of shareholders to executive reward and want to take these factors into account in any new structure.

As a result, the Committee is conducting a review of the current remuneration structure in light of Trifast's overall remuneration policy and business strategy. The objective of this review is to develop a holistic structure which strengthens the link between reward and performance – both financial and strategic – and which acts as a clear incentive to our senior executives over both the short and long term.

Further, any incentive structure will aim to deliver an appropriate mix of fixed and variable compensation subject to the achievement of short and longer term financial and strategic performance metrics. This approach ensures that strong year on year corporate performance is sustained and the interests of executives are aligned with the interests of shareholders over the long term.

The outcome of this review and our proposals are, at the time of signing this Report still to be finalised. We have provided some thoughts as to our current thinking in the remainder of this Report but full details of our proposals will be provided and shareholder approval to the arrangements sought in due course.

We have an excellent management team, we want to keep them and reward and incentivise them appropriately for performance. I believe that the changes we will be making to our remuneration structure will enable us to do this and look forward to your support.

Jonathan Shearman
Chairman, Remuneration Committee

Introduction
The Directors present the Remuneration Report for the year ended 31 March 2013. 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 Corporate Governance Code and it is their opinion that throughout the year, the Company complied with the Principles and Provisions on remuneration specified in the Corporate Governance Code.

Remuneration Committee
The objective of the Remuneration Committee ('the Committee') is to develop a remuneration strategy (for the Executive Directors and other key Executives) that drives both short and long term performance and provides levels of reward which reflect such performance. More specifically, the Committee has and will attempt to reward exceptional performance (based of Profit Before Tax) and share any out-performance (over and above the 'city forecast') between our shareholders and the Executive team. This strategy is reviewed on an annual basis.

We remain mindful of the ongoing challenges surrounding levels of Executive pay as well as the forthcoming BIS regulations. Work has already commenced to ensure compliance with the latter at the appropriate time.

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 IBC of the Report and Accounts.

The Committee had two meetings during the year. Both members of the Committee at the time, being the Chairman (JPD Shearman) and Senior Independent Non-Executive Director (NS Chapman) attended these meetings. Each of these meetings were routine in, initially confirming the remuneration policy for the year just commenced and then considering an appropriate approach for the year to March 2014. The Executive Chairman and CEO were both invited to attend to ensure the Committee was in possession of all the relevant facts. Alongside this, the Committee had several informal meetings with their external Advisers.

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.

The Committee is advised on matters relating to Directors as required. It uses independent external Advisers (see page 66) as and when, to advise on remuneration matters.

Current 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 70.

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:-

1) Base salary
The policy of the Committee during the year ended 31 March 2013 was to set base salaries around the lower quartile of an appropriate comparator group. Salaries are reviewed annually in April.

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
- Experience and responsibilities of each Executive Director
- Pay and conditions throughout the Group

The salary levels for the year under review as seen on page 70 were largely unchanged from the previous year with the exception of Mark Belton. It was the view of the Committee that the existing level of salary was not commensurate with either the role of Group Finance Director, nor the contribution Mark makes to the Group's performance.

Directors' Remuneration Report continued

(Information not subject to audit)

2) Annual bonus payment

The 2013 bonus scheme is based on the premise of rewarding exceptional performance measured by reference to Profit Before Tax (PBT). Payments commence only once the 'city forecast' is achieved and increased thereafter with a cap of 100% of base salary.

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

- The link between the fixed and variable element
- The desire to reward team 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 Committee assessed that performance in 2013 justified a payout of 30% for each of the Executive Directors. This is against a backdrop of stretching targets.

3) Long term incentives (LTI's)

a) At the beginning of the year to March 2013, the options (see page 69) that were agreed with shareholders and granted on the change of management in 2009 were still 'in play'. Indeed, given a three-month average share price greater than 51p, combined with a ROCE in excess of 10% during the final quarter of the financial year, these options have now vested.

b) 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 69.

All Company Directors who held LTIP's waived their right to these rewards during 2011.

c) 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 three, five and seven 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).

4) 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 up to 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.

5) Pension

Geoff Budd, Mark Belton, Glenda Roberts and Seamus Murphy (resigned 31 January 2013) 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.

Future remuneration policy

The Remuneration Committee is mindful that now is an appropriate time to undertake a wider review of Board Remuneration – including base salary, on target annual bonus (total cash) and a new Long Term Incentive Plan. As part of this exercise, the Committee has commissioned a report on executive remuneration by independent accountants PwC, with the aim of creating a policy that allows each of the executives to feel valued and motivated by means of being fairly rewarded through both cash and share payments.

Below are our initial findings for the three core components:

1) Base salary

A benchmarking exercise undertaken by PwC has confirmed that in the case of all of the executives, both base salary and total cash remuneration are below even the lower quartile for appropriate comparator companies. We believe this is not in the best interests of the Group and the Committee is therefore looking to adjust executive salaries to reflect the median quartile of this comparator group.

The Committee of course recognises that it is essential to continue to control costs and therefore is minded, where appropriate, to make these adjustments over the next two years without substantially increasing overall Board costs. This will however, necessitate increases above the current rate of inflation and indeed above that of the rest of the Group.

2) Annual bonus payment

The Committee's policy with regard to an annual bonus scheme will remain broadly unchanged with the overriding aim to ensure that we can still reward out-performance (vs the 'city forecast') up to a maximum of 100% of base salary.

Alongside this, the Committee is considering whether it is appropriate to introduce a proportion of bonus which is not entirely dependent upon financial performance figures, but rather based on personal targets. We are also mindful that the proportion of cash and share payments to Executives be balanced, with the potential that this is reflected in the payment method of the bonus scheme.

It was felt inappropriate to make any meaningful changes to the scheme for the year ending 31 March 2014. Hence, the Committee intends to use the existing framework and for the maximum amount payable to remain at 100% of base salary.

3) Long term incentives (LTI's)

It is the desire of the Committee to utilise LTI's as part of longer term remuneration and retention planning. Given that, the Committee is currently working on a plan with our independent Advisers (PWC) and intends to fully engage with shareholders once any proposal is formulated. Any future plan will need to motivate long term performance and loyalty but will no longer be required to supplement the historically lower quartile salaries.

In concluding, Neil and I would firstly like to welcome Scott to the Committee from April 2013 onwards. We are also delighted to unanimously recommend that shareholders vote to approve the Remuneration Report at the 2013 Annual General Meeting.

Contracts

a) Executive Directors

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

MM Diamond	6 months*#
JC Barker	6 months*#
MR Belton	6 months*
GP Budd	6 months*
SV Murphy (resigned 31 January 2013)	6 months*
GC Roberts	6 months*

* 12 months in the event of a change in control
# Subsequent to the year end March 2013, this was changed to 12 months

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

The dates of the Executive Directors' contracts are:

MM Diamond	26 July 2012
JC Barker	26 July 2012
MR Belton	26 July 2012
GP Budd	26 July 2012
SV Murphy (resigned 31 January 2013)	26 July 2012
GC Roberts	26 July 2012

b) Independent Non-Executive Directors

All 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 signing dates were as follows:

NS Chapman	26 July 2012
JPD Shearman	26 July 2012

All Independent Non-Executive Directors have three-month notice periods (12 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.

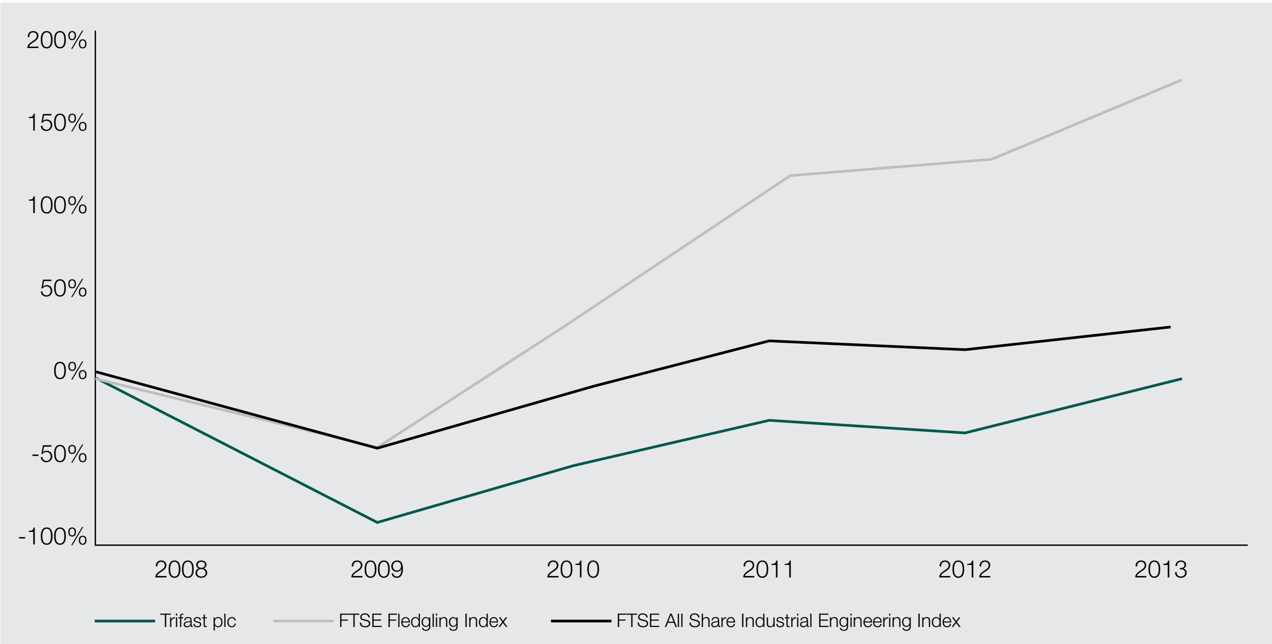
Directors' Remuneration Report continued

(Information not subject to audit)

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 five years. The Board considers these Indices to be a fair measure of the Company's performance against its competitors.

Total shareholder return since 31 March 2008



The Remuneration Report (including accompanying notes) was approved by the Board of Directors on 24 June 2013 and was signed on its behalf by:

Jonathan Shearman
Chairman, 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
MM Diamond	533,800	533,800
JC Barker	573,229	573,229
MR Belton	68,565	15,183
GP Budd	357,264	303,882
GC Roberts	29,307	29,307
NS Chapman	1,507,500	885,000

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 Malcolm Diamond, Geoff Budd and Jonathan Shearman who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Scott Mac Meekin was appointed to the Board on 25 April 2013 and accordingly will stand for election at the forthcoming Annual General Meeting.

At the date of signing the financial statements, there were no Executives who held Non-Executive Directorships elsewhere.

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 2012	Options granted in the year	Options cancelled in the year	Exercised in the year	At 31 March 2013
MM Diamond	30 Sept 2009	0.085	2,000,000	–	–	–	**2,000,000**
JC Barker	30 Sept 2009	0.085	2,000,000	–	–	–	**2,000,000**
MR Belton	30 Sept 2009	0.085	500,000	–	–	–	**500,000**
	SAYE Options	0.170	53,382	–	–	(53,382)	**–**
GP Budd	30 Sept 2009	0.085	500,000	–	–	–	**500,000**
	SAYE Options	0.170	53,382	–	–	(53,382)	**–**
SV Murphy (resigned 31 January 2013)	30 Sept 2009	0.085	200,000	–	–	–	**200,000**
GC Roberts	30 Sept 2009	0.085	250,000	–	–	–	**250,000**
NS Chapman	30 Sept 2009	0.085	150,000	–	–	–	**150,000**

No other Director has share options.

MR Belton and GP Budd exercised their SAYE share options on 21 December 2012 when the market price was 47.75p.

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 2013 ROCE was 12.1% (2012: 11.2% – adjusted for 12 months of PowerSteel and Electro-Plating Works SDN Bhd (*PSEP*)).

Notes to the Directors' Remuneration Report continued

(Information subject to audit)

The market price of the ordinary shares at 31 March 2013 was £0.57 (2012: £0.45) and the range during the year was £0.39 to £0.58 (2012: £0.37 to £0.51).

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 2013, no Director of the Company held any LTIP awards.

Directors' remuneration

MARCH 2013 Name	Fees £000	Salaries £000	Benefits in Kind £000	Restructuring Costs[1] £000	Bonus £000	Subtotal £000	Pension £000	Total £000
Chairman								
MM Diamond	–	190	13	–	57	260	–	260
Executive Directors								
JC Barker (CEO)	–	220	13	–	66	299	–	299
MR Belton (GFD)	–	150	13	–	45	208	30	238
GP Budd	–	150	13	–	45	208	30	238
SV Murphy[1]	–	104	11	161	–	276	21	297
GC Roberts	–	125	12	–	38	175	25	200
Independent Non-Executive Directors								
NS Chapman	48	–	–	–	–	48	–	48
JPD Shearman	42	–	–	–	–	42	–	42
Totals	90	939	75	161	251	1,516	106	1,622

[1] The Restructuring costs relate to compensation for loss of office for Seamus Murphy and all associated costs following his step down from the Board on 31 January 2013.

Directors' remuneration

MARCH 2012 Name	Fees £000	Salaries £000	Benefits in Kind £000	Bonus £000	Subtotal £000	Pension £000	Total £000
Chairman							
MM Diamond	–	190	13	67	270	–	270
Executive Directors							
JC Barker (CEO)	–	220	13	94	327	–	327
MR Belton (GFD)	–	130	13	62	205	26	231
GP Budd	–	150	14	30	194	30	224
SV Murphy	–	120	13	42	175	24	199
GC Roberts	–	120	12	42	174	24	198
Independent Non-Executive Directors							
NS Chapman	48	–	–	–	48	–	48
JPD Shearman	42	–	–	–	42	–	42
Totals	90	930	78	337	1,435	104	1,539

Statement of Directors' Responsibilities
in respect of the annual report and the financial statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 comply 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 & Company Secretary

Our Financials

Committed to the pursuit of shareholder value which includes further 'bottom-line' growth for the foreseeable future

"The Directors' focus remains on capital growth through investment in the business and increasing ROCE. The return to a progressive dividend stream has also been a priority for the Board since its formation in 2009"

Mark Belton
Group Finance Director

Go to our website to see our **Corporate Video**

Total assets

£101.13m

£60.42m

Shareholder equity

Net cash balances

£10.55m

Thinking locally, operating globally

Read our Press Releases online at www.trifast.com

Independent Auditor's Report
to the members of Trifast plc

We have audited the financial statements of Trifast plc for the year ended 31 March 2013 set out on pages 75 to 114. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 71, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 71, in relation to going concern;
- the part of the Corporate Governance Statement on pages 61-63 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the Report to shareholders by the Board on Directors' remuneration.

Alex Sanderson
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor
Chartered Accountants
24 June 2013

Consolidated Income Statement
for year ended 31 March 2013

	Note	2013 £000	2012 £000
Continuing operations			
Revenue	3	**121,544**	112,510
Cost of sales		**(89,969)**	(83,680)
Gross profit		**31,575**	28,830
Other operating income	4	**486**	209
Distribution expenses		**(2,732)**	(2,220)
Administrative expenses before separately disclosed items		**(21,358)**	(21,190)
IFRS2 charge	2, 22	**(91)**	(227)
Intangible amortisation	2, 12	**(331)**	(281)
Acquisition expenses	2	**–**	(391)
Restructuring (costs)/credit	2	**(389)**	656
Total administrative expenses		**(22,169)**	(21,433)
Operating profit	5, 6, 7	**7,160**	5,386
Financial income	8	**45**	42
Financial expenses	8	**(763)**	(669)
Net financing costs		**(718)**	(627)
Profit before tax	2, 3	**6,442**	4,759
Taxation	9	**(1,734)**	(1,597)
Profit for the period (attributable to equity shareholders of the Parent Company)		**4,708**	3,162
Earnings per share (total)			
Basic	25	**4.39p**	3.45p
Diluted	25	**4.18p**	3.25p

The notes on pages 81 to 114 form part of these financial statements.

Statement of Comprehensive Income

for year ended 31 March 2013

	Group	
	2013 £000	2012 £000
Profit for the year	**4,708**	3,162
Other comprehensive income:		
Foreign currency translation differences	**2,167**	(27)
Other comprehensive income recognised directly in equity net of income tax	**2,167**	(27)
Total comprehensive income recognised for the year (attributable to the equity shareholders of the Parent Company)	**6,875**	3,135

Consolidated Statement of Changes in Equity

for year ended 31 March 2013

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

Consolidated Statement of Changes in Equity

for year ended 31 March 2012

	Share Capital £000	Share Premium £000	Translation Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 31 March 2011	4,262	12,167	9,831	16,585	42,845
Total comprehensive income for the year:					
Profit for the year	–	–	–	3,162	3,162
Other comprehensive income:					
Foreign currency translation differences	–	–	(27)	–	(27)
Total other comprehensive income	–	–	(27)	–	(27)
Total comprehensive income recognised for the year	–	–	(27)	3,162	3,135
Transactions with owners, recorded directly in equity					
Issue of share capital	1,081	6,096	–	–	7,177
Share based payment transactions	–	–	–	331	331
Total transactions with owners	1,081	6,096	–	331	7,508
Balance at 31 March 2012	5,343	18,263	9,804	20,078	53,488

Company Statement of Changes in Equity

for year ended 31 March 2013

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

Company Statement of Changes in Equity

for year ended 31 March 2012

	Share Capital £000	Share Premium £000	Merger Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 31 March 2011	4,262	12,167	1,521	4,532	22,482
Total comprehensive income for the year:					
Loss for the year	–	–	–	(799)	(799)
Total comprehensive loss recognised for the year	–	–	–	(799)	(799)
Transactions with owners, recorded directly in equity					
Issue of share capital	1,081	6,096	–	–	7,177
Share based payment transactions	–	–	–	315	315
Total transactions with owners	1,081	6,096	–	315	7,492
Balance at 31 March 2012	5,343	18,263	1,521	4,048	29,175

Statements of Financial Position
at 31 March 2013

	Note	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Non-current assets					
Property, plant and equipment	10, 11	**13,360**	13,292	**2,457**	2,510
Intangible assets	12, 13	**18,366**	17,869	**–**	–
Equity investments	14	**–**	–	**33,551**	33,551
Deferred tax assets	15, 16	**966**	1,256	**436**	361
Total non-current assets		**32,692**	32,417	**36,444**	36,422
Current assets					
Stocks	17	**30,439**	30,517	**–**	–
Trade and other receivables	18	**27,248**	26,295	**1,422**	1,152
Cash and cash equivalents	19, 26	**10,750**	12,612	**154**	1,081
Total current assets		**68,437**	69,424	**1,576**	2,233
Total assets	3	**101,129**	101,841	**38,020**	38,655
Current liabilities					
Bank overdraft	19, 26	**195**	814	**6,048**	5,042
Other interest-bearing loans and borrowings	20, 26	**11,334**	14,520	**–**	999
Trade and other payables	21	**21,029**	23,035	**3,396**	3,439
Tax payable		**1,424**	1,420	**–**	–
Provisions	23	**700**	1,157	**104**	–
Total current liabilities		**34,682**	40,946	**9,548**	9,480
Non-current liabilities					
Other interest-bearing loans and borrowings	20, 26	**4,418**	5,688	**–**	–
Provisions	23	**701**	882	**–**	–
Deferred tax liabilities	15, 16	**906**	837	**4**	–
Total non-current liabilities		**6,025**	7,407	**4**	–
Total liabilities	3	**40,707**	48,353	**9,552**	9,480
Net assets		**60,422**	53,488	**28,468**	29,175
Equity					
Share capital		**5,412**	5,343	**5,412**	5,343
Share premium		**18,427**	18,263	**18,427**	18,263
Reserves		**11,971**	9,804	**1,521**	1,521
Retained earnings		**24,612**	20,078	**3,108**	4,048
Total equity		**60,422**	53,488	**28,468**	29,175

The notes on pages 81 to 114 form part of these financial statements.

These financial statements were approved by the Board of Directors on 24 June 2013 and were signed on its behalf by:

Malcolm Diamond MBE
Director

James Barker
Director

Statements of Cash Flows

for year ended 31 March 2013

	Note	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Cash flows from operating activities					
Profit/(loss) for the year		4,708	3,162	(674)	(799)
Adjustments for:					
Depreciation, amortisation and impairment		1,586	1,043	56	56
Financial income		(45)	(42)	(36)	(2)
Financial expense		763	669	50	90
Gain on sale of property, plant and equipment and investments		(14)	(14)	–	–
Dividends received		–	–	(1,619)	(874)
Equity settled share-based payment charge		91	227	76	156
Taxation		1,734	1,597	108	(33)
Operating cash inflow/(outflow) before changes in working capital and provisions		8,823	6,642	(2,039)	(1,406)
Change in trade and other receivables		(183)	600	(77)	(135)
Change in stocks		839	(1,663)	–	–
Change in trade and other payables		(969)	331	(43)	206
Change in provisions		(638)	(1,492)	104	–
Cash generated from/(used in) operations		7,872	4,418	(2,055)	(1,335)
Tax paid		(1,427)	(678)	(178)	(87)
Net cash from/(used in) operating activities		6,445	3,740	(2,233)	(1,422)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		18	272	–	–
Interest received		45	42	36	2
Acquisition of subsidiary, net of cash acquired		(1,389)	(10,455)	–	–
Increase in subsidiary investment	14	–	–	–	(5,477)
Acquisition of property, plant and equipment	10, 11	(869)	(653)	(3)	–
Dividends received		–	–	1,617	874
Net cash (used in)/from investing activities		(2,195)	(10,794)	1,650	(4,601)
Cash flows from financing activities					
Proceeds from the issue of share capital		233	7,177	233	7,177
Proceeds from new loan	20, 26	–	7,483	–	–
Repayment of borrowings	20, 26	(4,707)	(2,276)	(999)	(1,334)
Payment of finance lease liabilities	20, 26	(178)	(52)	–	–
Dividends paid		(534)	–	(534)	–
Interest paid		(763)	(669)	(50)	(90)
Net cash (used in)/from financing activities		(5,949)	11,663	(1,350)	5,753
Net change in cash and cash equivalents		(1,699)	4,609	(1,933)	(270)
Cash and cash equivalents at 1 April	19	11,798	7,140	(3,961)	(3,691)
Effect of exchange rate fluctuations on cash held		456	49	–	–
Cash and cash equivalents at 31 March	19	10,555	11,798	(5,894)	(3,961)

The notes on pages 81 to 114 form part of these financial statements.

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 the 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 loss after tax for the Company is £0.67 million (2012: £0.80m).

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 Consolidated income statement and related notes that form a part of these approved financial statements.

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

IFRS not yet applied

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.

Presentation of items of other comprehensive income – amendments to IAS 1

- The amendments require that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. They also preserve the existing option to present the profit or loss and other comprehensive income in two statements. The standard was endorsed on 5 June 2012 and the impact is not expected to be material.

Annual improvements to IFRSs – 2009-2011 Cycle – This cycle of improvements contains amendments to:

- IFRS 1 First-time adoption of IFRSs – repeated application of IFRS 1 and borrowing cost exemption
- IAS 1 Presentation of financial statements – comparative information beyond minimum requirements and presentation of the opening statement of financial position and related notes.
- IAS 16 Property, plant and equipment – classification of servicing equipment
- IAS 32 Financial Instruments: presentation – income tax consequences of distributions
- IAS 34 Interim financing reporting – segment assets and liabilities

This was endorsed on 27 March 2013 and the impact is not expected to be material.

b) Basis of preparation

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

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 Executive 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.

On 31 December 2012, the Company term loan was fully repaid. On 23 April 2013 the Company secured a three year £5.00 million multi-currency Revolving Credit Facility. This is in addition to the Asset Based Lending facility, which was increased to a maximum £18.30 million availability. Discussions with our existing Bankers confirm that they have no reason not to continue in the ordinary course of business to provide funding facilities to the Company on the current basis. The Asian term loan of £7.50m (S$15.10m) taken out in December 2011 to facilitate the purchase of *PSEP* is being repaid quarterly with the final repayment in December 2016. 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

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

d) Foreign currency

i) Foreign currency transactions

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

ii) Financial statements of foreign operations

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

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

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

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

iii) Leased assets

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

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

iv) Subsequent costs

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

g) Intangible assets

i) Goodwill

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

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

Notes (forming part of the Financial Statements) continued

1 **Accounting policies** continued

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

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

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

ii) Other intangible assets

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

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

iii) Subsequent expenditure

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

iv) Amortisation

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

The amortisation rates of other intangibles are as follows:

Customer relationships – 8.3% to 12.5% per annum

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)).

1 Accounting policies continued

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 cashflows of that asset.

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

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

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

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

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

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

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

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 Black Scholes, Binomial lattice and Monte Carlo models, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. IFRS2 has been applied, in accordance with IFRS1, to equity settled share options granted after 7 November 2002 and not vested at 1 April 2005.

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

iii) Termination benefits

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

p) Provisions

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

i) Restructuring

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

ii) Dilapidations

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

iii) Onerous contracts

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

q) Trade and other payables

Trade and other payables are stated at cost.

r) Revenue

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

s) Expenses

i) Operating lease payments

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

ii) Finance lease payments

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

iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested. Interest income is recognised in the Consolidated income statement as it accrues, using the effective interest method. Net finance costs also include arrangement fees and related costs recognised in line with accounting policy (n).

t) Taxation

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

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

1 Accounting policies continued

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

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

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

u) Operating segment reporting

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

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

v) Financial guarantee contracts

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

w) Earnings per share

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

x) Underlying measure of profits and losses

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

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

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

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.

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

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	2013 £000	2012 £000
Underlying profit before tax		**7,253**	5,002
Separately disclosed items within administrative expenses			
IFRS 2 share-based payment charge		**(91)**	(227)
Intangible amortisation	12	**(331)**	(281)
Acquisition expenses		**–**	(391)
Restructuring (costs)/credits		**(389)**	656
Profit from continuing operations before tax		**6,442**	4,759

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

The 2012 acquisition expenses were predominantly legal and accountancy fees, in relation to due diligence required in the purchase of the Malaysian company PowerSteel & Electro-Plating Works SDN Bhd (*PSEP*) in December 2011.

The 2012 restructuring credit of £0.66 million comprised £0.84 million of provision releases in respect of onerous leases that had been surrendered with potential liabilities up to 2017. The costs in relation to this had previously been provided and separately disclosed. This was offset by £0.18 million costs incurred to close one of our sites in the US; the majority of these costs refer to redundancies and an onerous lease.

3 Operating segmental analysis

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

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

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

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

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

Geographical operating segments

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

UK

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

USA: includes USA and Mexico

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

3 Operating segmental analysis continued

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

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

March 2012	UK £000	Mainland Europe £000	USA £000	Asia £000	Common Costs £000	Total £000
Revenue						
Revenue from external customers	57,782	21,197	2,409	31,122	–	112,510
Inter segment revenue	1,489	514	35	4,052	–	6,090
Total revenue	59,271	21,711	2,444	35,174	–	118,600
Underlying Operating result	2,735	522	97	3,764	(1,489)	5,629
Net financing costs	(487)	–	(1)	(51)	(88)	(627)
Underlying Segment result	2,248	522	96	3,713	(1,577)	5,002
Separately disclosed items (see note 2)						(243)
Profit before tax						4,759
Specific disclosure items						
Depreciation and amortisation	177	38	18	645	318	1,196
Assets and liabilities						
Segment assets	35,291	9,229	1,001	50,327	5,993	101,841
Segment liabilities	(26,396)	(3,072)	(255)	(16,048)	(2,582)	(48,353)

Notes (forming part of the Financial Statements) continued

3 Operating segmental analysis continued

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

There was no material difference in the UK, 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, £2.66 million (2012: £2.73m) was sold into the American market and £5.64 million (2012: £4.81m) 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

	2013 £000	2012 £000
Rental income received from sublets	166	49
Other income	320	160
	486	209

5 Expenses and auditor's remuneration

Included in profit for the year are the following:

	Note	2013 £000	2012 £000
Depreciation	10	1,255	915
Amortisation of acquired intangibles	12	331	281
Operating lease expense		1,095	1,137
Forex loss		250	249

Auditor's remuneration:

	2013 £000	2012 £000
Audit of these financial statements	40	39
Audit of financial statements of subsidiaries pursuant to legislation	147	140
Services in relation to the acquisition of PowerSteel & Electro-Plating Works SDN BHD	–	355
Other services relating to taxation	36	38
Other services supplied pursuant to such legislation	5	5

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	
	2013	2012
Office and management	92	81
Manufacturing	271	239
Sales	155	137
Distribution	509	450
	1,027	907

6 Staff numbers and costs continued

The aggregate payroll costs of these persons were as follows:

	Group	
	2013 £000	2012 £000
Wages and salaries (including bonus)	20,382	19,097
Share based payments	91	227
Social security costs	1,605	1,702
Other pension costs (see note 22)	1,425	1,310
	23,503	22,336

7 Directors' emoluments

	2013 £000	2012 £000
Directors' emoluments	1,355	1,435
Compensation for loss of office	161	–
Company contributions to money purchase pension plans	106	104
	1,622	1,539

The emoluments of individual Directors are shown in the Remuneration Report on page 70.

The aggregate of emoluments of the highest paid Director was £299,000 (2012: £327,000), and Company pension contributions of £nil (2012: £nil) were made to a money purchase scheme on his behalf.

	Number of Directors	
	2013	2012
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	4	4
The number of Directors who exercised share options was	2	–

See page 66 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

	2013 £000	2012 £000
Financial income	45	42
Financial expenses		
Interest payable on bank loans and hire purchase liabilities	763	669

Notes (forming part of the Financial Statements) continued

9 Taxation

Recognised in the income statement	2013 £000	2012 £000
Current UK tax expense:		
Current year	5	–
Double taxation relief	–	–
	5	–
Current tax on foreign income for the year	1,192	1,030
Adjustments for prior years	114	(60)
	1,306	970
Total current tax	1,311	970
Deferred tax expense (note 15)		
Origination and reversal of temporary differences	434	705
Adjustments for prior years	(11)	(78)
	423	627
Tax in income statement	1,734	1,597

Tax recognised directly in equity	2013 £000	2012 £000
Current tax recognised directly in equity	(69)	–
Deferred tax recognised in equity	(160)	(103)
Total tax recognised in equity	(229)	(103)

Reconciliation of effective tax rate ('ETR') and tax expense	2013 £000	ETR %	2012 £000	ETR %
Profit for the period	4,708		3,162	
Tax from continuing operations	1,734		1,597	
Profit before tax	6,442		4,759	
Tax using the UK corporation tax rate of 24% (2012: 26%)	1,546	24	1,237	26
Tax suffered on dividends	174	3	102	2
Non-deductible expenses	231	4	307	7
IFRS2 share option (credit)/charge	(10)	–	4	–
Deferred tax assets not recognised	(184)	(3)	287	6
Different tax rates on overseas earnings	(171)	(3)	(265)	(6)
Adjustments in respect of prior years	103	2	(138)	(3)
Tax rate change	45	–	63	2
Total tax in income statement	1,734	27	1,597	34

9 Taxation continued

The UK current tax expense was low during the period as the UK was able to utilise the remaining UK tax losses that it suffered during the previous years.

On 21 March 2012, the Chancellor announced a reduction in the main rate of UK corporation tax to 24%, with effect from 1 April 2012. On 3 July 2012, a further reduction in the UK corporation tax rate from 24% to 23%, with effect from 1 April 2013, became substantively enacted. The effect of the rate reduction on the deferred tax balances as at 31 March 2013 has been included in the figures above.

On 20 March 2013, the Chancellor announced proposed changes to further reduce the main rate of corporation tax to 20% by 1 April 2015. The corporation tax rate reductions to 21% and 20% have not yet been substantively enacted and therefore are not included in the figures above.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax accordingly.

10 Property, plant and equipment – Group

	Land and buildings £000	Leasehold improvements £000	Plant and equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2011	6,396	682	10,517	4,020	217	21,832
Acquisition	4,552	–	6,399	573	103	11,627
Additions	5	205	306	137	–	653
Disposals	–	(155)	(378)	(86)	(20)	(639)
Effect of movements in foreign exchange	(41)	4	(51)	(24)	2	(110)
Balance at 31 March 2012	10,912	736	16,793	4,620	302	33,363
Balance at 1 April 2012	10,912	736	16,793	4,620	302	33,363
Additions	8	91	553	161	56	869
Disposals	–	–	(134)	(40)	(72)	(246)
Effect of movements in foreign exchange	344	44	653	49	14	1,104
Balance at 31 March 2013	11,264	871	17,865	4,790	300	35,090
Depreciation and impairment						
Balance at 1 April 2011	1,672	547	8,579	3,773	183	14,754
Acquisition	20	–	4,476	467	33	4,996
Depreciation charge for the year	115	43	606	134	17	915
Disposals	–	(138)	(300)	(77)	(18)	(533)
Effect of movements in foreign exchange	–	3	(43)	(23)	2	(61)
Balance at 31 March 2012	1,807	455	13,318	4,274	217	20,071
Balance at 1 April 2012	1,807	455	13,318	4,274	217	20,071
Depreciation charge for the year	175	58	867	119	36	1,255
Disposals	–	–	(131)	(40)	(72)	(243)
Effect of movements in foreign exchange	49	16	515	57	10	647
Balance at 31 March 2013	2,031	529	14,569	4,410	191	21,730
Net book value						
At 1 April 2011	4,724	135	1,938	247	34	7,078
At 31 March 2012	9,105	281	3,475	346	85	13,292
At 31 March 2013	**9,233**	**342**	**3,296**	**380**	**109**	**13,360**

Notes (forming part of the Financial Statements) continued

10 Property, plant and equipment – Group continued

Included in the net book value of land and buildings are £7.78 million (2012: £7.71m) of freehold land and buildings, and £1.45 million (2012: £1.40m) of long leasehold land and buildings.

£10.91 million (2012: £10.95m) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

Included in the total net book value of plant and machinery is £0.58 million (2012: £0.68m) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £0.12 million (2012: £0.07m).

11 Property, plant and equipment – Company

	Land and buildings £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 April 2011 and 31 March 2012	3,497	750	4,247
Additions	–	3	3
Balance at 31 March 2013	3,497	753	4,250
Depreciation and impairment			
Balance at 1 April 2011	939	742	1,681
Depreciation charge for the year	54	2	56
Balance at 31 March 2012	993	744	1,737
Balance at 1 April 2012	993	744	1,737
Depreciation charge for the year	54	2	56
Balance at 31 March 2013	1,047	746	1,793
Net book value			
At 1 April 2011	2,558	8	2,566
At 31 March 2012	2,504	6	2,510
At 31 March 2013	**2,450**	**7**	**2,457**

Included in the net book value of land and buildings are £2.45 million (2012: £2.50m) of freehold land and buildings.

£3.50 million (2012: £3.50m) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

12 Intangible assets – Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 2011	29,728	2,152	31,880
Acquisition	732	817	1,549
Effect of movements in foreign exchange	78	4	82
Balance at 31 March 2012	30,538	2,973	33,511
Balance at 31 March 2012	30,538	2,973	33,511
Fair Value Adjustment	96	–	96
Effect of movements in foreign exchange	928	55	983
Balance at 31 March 2013	31,562	3,028	34,590
Amortisation and impairment			
Balance at 1 April 2011	13,863	1,477	15,340
Amortisation for the year	–	281	281
Effect of movements in foreign exchange	21	–	21
Balance at 31 March 2012	13,884	1,758	15,642
Balance at 1 April 2012	13,884	1,758	15,642
Amortisation for the year	–	331	331
Effect of movements in foreign exchange	246	5	251
Balance at 31 March 2013	14,130	2,094	16,224
Net book value			
At 1 April 2011	15,865	675	16,540
At 31 March 2012	16,654	1,215	17,869
At 31 March 2013	**17,432**	**934**	**18,366**

Other intangible assets are made up of customer relationships acquired as part of the acquisitions of Serco Ryan Ltd and PowerSteel and Electro-Plating Works SDN Bhd (*PSEP*). The remaining amortisation period left on these assets is 0.5 and 10.75 years respectively.

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

There were £nil impairments made during 2013 (2012: £nil).

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

	2013 £000	2012 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**10,050**	9,423
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
PowerSteel and Electro-Plating Works SDN BHD (*PSEP*) (Malaysia)	**887**	736
Other	**104**	104
	17,432	16,654

Notes (forming part of the Financial Statements) continued

12 Intangible assets – Group continued

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

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

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

The table below highlights the key assumptions:

	Taiwan		UK		Sweden	
	2013	2012	**2013**	2012	**2013**	2012
Pre-tax discount rate	**17%**	16%	**16%**	16%	**16%**	16%
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 across the three CGU's. This takes into account certain components such as various discount rates reflecting different risk premiums and tax rates in the respective regions. Overall, the Board is confident the pre-tax adjusted discount rates adequately reflect the circumstances in each region and are in accordance with IAS36.

12 Intangible assets – Group continued

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 2013 of the Group's operations in Taiwan and Sweden were £2.22 million and £1.45 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 table below shows what the variables used in the 'value in use' calculations for Taiwan and Sweden need to change to (in isolation) in order for the estimated recoverable amount to be equal to its carrying value.

	Taiwan	Sweden
Pre-tax adjusted discount rate	19.0%	23.0%
Budgeted change in EBIT	13.4%	29.9%
Long-term growth rate	1.8%	<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 £0.63 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 Holdings Pte Ltd.

The £0.15 million increase in the goodwill of *PSEP* comprises £0.10 million in respect of the restatement of the pre-acquisition reserves and £0.05 million refers to a foreign exchange gain, as the investment is held in Singapore Dollars within *TR* Asia Investment Holdings Pte Ltd.

13 Intangible assets – Company

	Other £000
Cost	
Balance at 1 April 2011 and 31 March 2012	62
Balance at 31 March 2013	62
Amortisation and impairment	
Balance at 1 April 2011	62
Amortisation for the year	–
Balance at 31 March 2012	62
Balance at 1 April 2012	62
Amortisation for the year	–
Balance at 31 March 2013	**62**
Net book value	
At 1 April 2011	–
At 31 March 2012	–
At 31 March 2013	**–**

Notes (forming part of the Financial Statements) continued

14 Equity investments

Company – investments in subsidiaries

	£000
Cost	
Balance at 1 April 2011	35,959
Additions	5,477
Balance at 31 March 2012 and 31 March 2013	41,436
Provision	
Balance at 1 April 2011 and 1 April 2012	7,885
Balance at 31 March 2012 and 31 March 2013	7,885
Net book value	
At 1 April 2011	28,074
At 31 March 2012	33,551
At 31 March 2013	**33,551**

During 2012, £5.48 million was invested in Trifast Overseas Holding Ltd, which passed the funds ultimately down to *TR* Asia Investment Holdings Pte Ltd to acquire *PSEP*.

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included on page 114.

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	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Property, plant and equipment	**(178)**	(316)	**1,113**	915	**935**	599
Intangible assets	**(10)**	(10)	**56**	99	**46**	89
Stocks	**(389)**	(284)	**–**	–	**(389)**	(284)
Provisions	**(426)**	(511)	**103**	72	**(323)**	(439)
IFRS 2	**(317)**	(117)	**–**	–	**(317)**	(117)
Tax value of loss c/fwd	**(12)**	(267)	**–**	–	**(12)**	(267)
Tax (assets)/liabilities	**(1,332)**	(1,505)	**1,272**	1,086	**(60)**	(419)
Tax set-off	**366**	249	**(366)**	(249)	**–**	–
Net tax (assets)/liabilities	**(966)**	(1,256)	**906**	837	**(60)**	(419)

A potential £1.02 million (2012: £1.51m) deferred tax asset relating to tax losses at *TR* Fastenings Inc. was not recognised on the grounds that recovery is uncertain. In addition, a potential £1.29 million (2012: £1.36m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is uncertain.

15 Deferred tax assets and liabilities – Group continued

Movement in deferred tax during the year

	1 April 2012 £000	Recognised in income £000	Recognised on acquisitions £000	Recognised in equity £000	**31 March 2013 £000**
Property, plant and equipment	599	211	96	29	**935**
Intangible assets	89	(43)	–	–	**46**
Stocks	(284)	(105)	–	–	**(389)**
Provisions	(439)	119	–	(3)	**(323)**
IFRS 2	(117)	–	–	(200)	**(317)**
Tax value of loss c/fwd	(267)	241	–	14	**(12)**
	(419)	423	96	(160)	**(60)**

Movement in deferred tax during the prior year

	1 April 2011 £000	Recognised in income £000	Recognised on acquisitions £000	Recognised in equity £000	31 March 2012 £000
Property, plant and equipment	(76)	(90)	765	–	599
Intangible assets	175	(86)	–	–	89
Stocks	(225)	(59)	–	–	(284)
Provisions	(339)	(26)	(72)	(2)	(439)
IFRS 2	(13)	–	–	(104)	(117)
Tax value of loss c/fwd	(1,158)	888	–	3	(267)
	(1,636)	627	693	(103)	(419)

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	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Property, plant and equipment	**–**	(2)	**4**	–	**4**	(2)
Provisions	**(181)**	(272)	**–**	–	**(181)**	(272)
IFRS 2	**(255)**	(87)	**–**	–	**(255)**	(87)
Tax (assets)/liabilities	**(436)**	(361)	**4**	–	**(432)**	(361)

A potential £1.29 million (2012: £1.36m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is uncertain.

Notes (forming part of the Financial Statements) continued

16 Deferred tax assets and liabilities – Company continued

Movement in deferred tax during the year

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

Movement in deferred tax during the prior year

	1 April 2011 £000	Recognised in income £000	Recognised in equity £000	31 March 2012 £000
Property, plant and equipment	–	(2)	–	(2)
Provisions	(240)	(32)	–	(272)
IFRS 2	–	–	(87)	(87)
	(240)	(34)	(87)	(361)

17 Stocks

	Group	
	2013 £000	2012 £000
Raw materials and consumables	**3,374**	3,741
Work in progress	**1,460**	1,302
Finished goods and goods for resale	**25,605**	25,474
	30,439	30,517

18 Trade and other receivables

	Group		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Trade receivables	**25,872**	24,882	**–**	–
Non trade receivables and prepayments	**1,376**	1,413	**6**	13
Amounts owed by subsidiary undertakings	**–**	–	**1,416**	1,139
	27,248	26,295	**1,422**	1,152

19 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Cash and cash equivalents per Statement of financial position	**10,750**	12,612	**154**	1,081
Bank overdrafts per Statement of financial position	**(195)**	(814)	**(6,048)**	(5,042)
Cash and cash equivalents per cash flow statements	**10,555**	11,798	**(5,894)**	(3,961)

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	
Initial Loan Value	**Rate**	**Maturity**	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Company						
Term loan £4.00m	Libor +3.75%	2012	**–**	999	**–**	–
			–	999	**–**	–
Other Group						
Asset based lending £18.30m (Maximum)	Base(+1.89% to 2.25%)	2014	**9,675**	11,804	**–**	–
Acquisition Term Loan S$15.11m	Fixed 3.14%	2016	**1,604**	1,503	**4,411**	5,640
Bankers acceptances MYR 0.2m	3.64%	2013	**–**	41	**–**	–
Finance Lease Liabilities	Various	2013/14	**55**	173	**7**	48
			11,334	13,521	**4,418**	5,688
Total Group			**11,334**	14,520	**4,418**	5,688

Finance Lease Liabilities

	Minimum Lease Payments 2013 £000	Interest 2013 £000	Principal 2013 £000
Less than one year	55	1	54
Between one and two years	7	1	6
	62	2	60

In April 2013 the Company negotiated a £5.00 million three year multi-currency Revolving Credit facility, which is secured by corporate guarantees and debentures over the Group's UK 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 dependent 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.

Notes (forming part of the Financial Statements) continued

21 Trade and other payables

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade payables	12,851	13,856	–	–
Amounts payable to subsidiary undertakings	–	–	2,593	2,590
Non-trade payables and accrued expenses	7,012	8,206	782	848
Other taxes and social security	1,166	973	21	1
	21,029	23,035	3,396	3,439

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 £1.43 million (2012: £1.31m) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pensions contributions of £0.09 million (2012: £0.09m), which are included in creditors.

Share-based payments

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

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

	2013		2012	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of year	8,976,859	0.13	8,948,751	0.13
Granted during the year	525,754	0.35	89,942	0.45
Forfeited/lapsed during the year	(185,621)	0.35	(61,834)	0.71
Exercised during the year	(1,363,202)	0.17	–	–
Outstanding at the end of the year	7,953,790	0.13	8,976,859	0.13
Exercisable at the end of the year	6,047,782	0.09	161,592	0.37

The options outstanding at 31 March 2013 had a weighted average remaining contractual life of 5.2 years (2012: 5.5 years) and exercise prices ranging from £0.085 to £0.825 (2012: £0.085 to £0.825).

22 Employee benefits continued

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

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

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

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

Date of grant	Type of instrument	Valuation model	No. out-standing on 31 March 2013	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
01/10/2005	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 7 year	Binomial	2,736	0.600	0.500	39.85	7.00	7.00	4.66	3.00	0.30
01/10/2007	SAYE 5 year	Binomial	9,605	0.740	0.750	29.26	5.00	5.00	5.00	3.39	0.17
01/10/2007	SAYE 7 year	Binomial	6,091	0.740	0.750	29.26	7.00	7.00	5.06	3.39	0.20
01/10/2008	SAYE 5 Year	Binomial	36,888	0.370	0.450	34.02	5.00	5.00	4.17	7.67	0.04
01/10/2008	SAYE 7 Year	Binomial	17,836	0.370	0.450	34.02	7.00	7.00	4.31	7.67	0.04
30/09/2009	Share Options	Monte Carlo	5,950,000	0.280	0.085	53.54	3.00	3.00	1.94	3.32	0.09
01/10/2009	SAYE 3 Year	Binomial	2,135	0.280	0.170	45.44	3.00	3.00	1.83	3.38	0.11
01/10/2009	SAYE 5 Year	Binomial	631,141	0.280	0.170	45.44	5.00	5.00	2.58	3.38	0.12
01/10/2009	SAYE 7 Year	Binomial	304,327	0.280	0.170	45.44	7.00	7.00	3.09	3.38	0.12
01/10/2010	SAYE 3 Year	Black Scholes	210,960	0.370	0.250	47.86	3.00	3.00	1.11	1.36	0.16
01/10/2010	SAYE 5 Year	Black Scholes	103,824	0.370	0.250	47.86	5.00	5.00	1.83	1.36	0.18
01/10/2010	SAYE 7 Year	Black Scholes	11,682	0.370	0.250	47.86	7.00	7.00	2.43	1.36	0.20
01/10/2011	SAYE 3 Year	Black Scholes	61,764	0.410	0.450	53.63	3.00	3.00	0.93	0.00	0.14
01/10/2011	SAYE 5 Year	Black Scholes	8,226	0.410	0.450	47.64	5.00	5.00	1.51	0.00	0.17
01/10/2011	SAYE 7 Year	Black Scholes	7,920	0.410	0.450	43.20	7.00	7.00	2.18	0.00	0.19
01/10/2012	SAYE 3 Year	Black Scholes	418,092	0.460	0.350	53.63	3.00	3.00	0.79	1.09	0.18
01/10/2012	SAYE 5 Year	Black Scholes	64,281	0.460	0.350	47.64	5.00	5.00	1.37	1.09	0.21
01/10/2012	SAYE 7 Year	Black Scholes	20,240	0.460	0.350	43.20	7.00	7.00	1.93	1.09	0.24

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.

Notes (forming part of the Financial Statements) continued

22 Employee benefits continued

The Group recognised total charges of £0.09 million and £0.23 million in relation to equity-settled share-based payment transactions in 2013 and 2012 respectively.

As at 31 March 2013, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
02/07/03 / Executive	37,000	Jul 2006 – Jul 2013
27/09/04 / Executive	40,000	Sep 2007 – Sep 2014
15/03/05 / Executive	7,000	Mar 2008 – Mar 2015
01/10/05 / SAYE	2,042	Oct 2012
01/10/06 / SAYE	2,736	Oct 2013
01/10/07 / SAYE	15,696	Oct 2012, 2014
01/10/08 / SAYE	54,724	Oct 2013, 2015
01/10/09 / SAYE	937,603	Oct 2012, 2014, 2016
30/09/10 / Executive	5,950,000	Sep 2012 – Sep 2019
01/10/10 / SAYE	326,466	Oct 2013, 2015, 2017
01/10/11 / SAYE	77,910	Oct 2014, 2016, 2018
01/10/12 / SAYE	502,613	Oct 2015, 2017, 2019
	7,953,790	

In accordance with IFRS 1, 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 31 March 2012	988	1,051	2,039
Provisions made during the year	298	–	298
Provisions utilised during the year	(836)	(100)	(936)
Balance at 31 March 2013	**450**	**951**	**1,401**

The restructuring provision relates to redundancy payments as well as 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	2013 Total £000	2012 Total £000
Non current (greater than 1 year)	–	701	**701**	882
Current (less than 1 year)	450	250	**700**	1,157
Balance at 31 March	450	951	**1,401**	2,039

In respect of the Company there are £0.10 million provisions (2012: £nil).

24 Capital and reserves

Capital and reserves – Group and Company
See Statements of Changes in Equity on pages 77 to 78.

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	
	2013	2012
In issue at 1 April	**106,867,708**	85,246,086
Shares issued	**1,363,202**	21,621,622
In issue at 31 March – fully paid	**108,230,910**	106,867,708

The fair value of the ordinary shares issued was based on a share price of 17.0 pence and a nominal value of 5.0 pence. The total number of shares issued during the year was 1,363,202.

	2013 £000	2012 £000
Authorised		
Ordinary shares of 5p each	**10,000**	10,000
Allotted, called up and fully paid		
Ordinary shares of 5p each	**5,412**	5,343

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:

	2013 £000	2012 £000
Final paid 2012 – 0.50p (2011: nil p) per qualifying ordinary share	**534**	–
Interim paid 2013 – nil p (2012: nil p) per qualifying ordinary share	**–**	–
	534	–

After the Balance sheet date a final dividend of 0.80p per qualifying ordinary share (2012: 0.50p) was proposed by the Directors.

	2013 £000	2012 £000
Final proposed 2013 – 0.80p, (2012: 0.50p) per qualifying ordinary share	**866**	534

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 2013 was based on the profit attributable to ordinary shareholders of £4.71 million (2012: £3.16m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2013 of 107,324,310 (2012: 91,643,717), calculated as follows:

Weighted average number of ordinary shares

	2013	2012
Issued ordinary shares at 1 April	106,867,708	85,246,086
Effect of shares issued	456,602	6,397,631
Weighted average number of ordinary shares at 31 March	107,324,310	91,643,717

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2013 was based on profit attributable to ordinary shareholders of £4.71 million (2012: £3.16m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2013 of 112,586,386 (2012: 97,438,412), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2013	2012
Weighted average number of ordinary shares at 31 March	107,324,310	91,643,717
Effect of share options on issue	5,262,076	5,794,695
Weighted average number of ordinary shares (diluted) at 31 March	112,586,386	97,438,412

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.

		2013 EPS			2012 EPS	
EPS (Total)	Earnings £000	Basic	Diluted	Earnings £000	Basic	Diluted
Profit for the financial year	4,708	4.39p	4.18p	3,162	3.45p	3.25p
Separately disclosed items:						
IFRS 2 Share option	91	0.08p	0.08p	227	0.25p	0.23p
Intangible amortisation	331	0.31p	0.29p	281	0.31p	0.29p
Acquisition expenses	–	–	–	391	0.43p	0.40p
Restructuring costs/(credits)	389	0.36p	0.35p	(656)	(0.72p)	(0.67p)
Tax (charge)/credit on adjusted items	(195)	(0.18p)	(0.17p)	258	0.28p	0.26p
Adjusted	5,324	4.96p	4.73p	3,663	4.00p	3.76p

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

26 Financial instruments

(a) Fair values of financial instruments
There is no difference between the fair values and the carrying values shown in the balance sheet.

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

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

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

Credit evaluations are performed on all customers requiring credit over a predetermined amount. Bad debt insurance is taken out on all key accounts where the cost is appropriate given the risk covered. All overdue debts are monitored regularly and customers are put on credit hold if payments are not received on time.

The carrying amount of trade receivables represents the maximum credit exposure for the Group. Therefore, the maximum exposure to credit risk at the balance sheet date was £25.87 million (2012: £24.88m), being the total carrying amount of trade receivables net of an allowance. Management does not consider there to be any significant unimpaired credit risk in the year end balance sheet (2012: £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 £1.18 million (2012: £1.01m).
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:

	2013 £000	2012 £000
Balance at 1 April	(451)	(822)
Impairment movement	(189)	371
Balance at 31 March	(640)	(451)

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.

On 31 December 2012, the Company and Group repaid the remaining term loan of £1.00 million.

To facilitate potential further growth, on 23 April 2013 the Company secured a £5.00 million three year multi-currency Revolving Credit Facility. This is in addition to the Asset Based Lending facility which was increased to a maximum £18.30 million availability, secured over the receivables and stock of the Group's UK Subsidiaries and the property of the Holding Company.

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

Notes (forming part of the Financial Statements) continued

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.
Cashflow cover:	Adjusted cashflow to Debt Service to exceed a ratio of one.
Net Debt cover:	Underlying Net Debt to EBITDA not to exceed a ratio of 2.75.

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

Minimum Tangible Net worth (*TR* Asia Investment Holdings Pte Ltd) of S$20 million
Minimum Consolidated Tangible Net worth (Asia Group) of S$35 million
Maximum Asia Group Net Debt to EBITDA ratio of 2.0x
Minimum Asia Group Debt Service Cover (DSC) of 1.2x

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

Liquidity headroom

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

Interest risk

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

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature:

	2013				2012			
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	1 to 2 years £000
Cash and cash equivalents		154	154	–		1,081	1,081	–
Secured bank loans		–	–	–	4.25	(999)	(999)	–
Bank overdrafts		(6,048)	(6,048)	–		(5,042)	(5,042)	–
Total Company		(5,894)	(5,894)	–		(4,960)	(4,960)	–
Group								
Cash and cash equivalents		10,750	10,750	–		12,612	12,612	–
Secured bank loans	3.43	(15,690)	(11,279)	(4,411)	3.43	(19,987)	(14,347)	(5,640)
Finance lease liabilities	2.98–4.00	(62)	(55)	(7)	2.98–4.00	(221)	(173)	(48)
Bank overdrafts		(195)	(195)	–		(814)	(814)	–
Total Group		(5,197)	(779)	(4,418)		(8,410)	(2,722)	(5,688)

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

26 Financial instruments continued

Sensitivity analysis

A change of 1% point in interest rates at the balance sheet date would change equity and profit and loss by £0.10 million (2012: £0.13m). This calculation has been applied to risk exposures existing at the balance sheet date.

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

(iii) Foreign currency risk

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

Operational foreign exchange exposure

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

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

Monetary assets/liabilities

The Group continues to monitor exchange rates and buy or sell currencies in order to minimise open exposure to foreign exchange risk. The Group does not speculate on exchange rates.

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

31 March 2013	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
Cash and cash equivalents	576	431	2,423	794	4,224
Balance sheet exposure	576	431	2,423	794	4,224

31 March 2012	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
Cash and cash equivalents	580	964	1,499	240	3,283
Balance sheet exposure	580	964	1,499	240	3,283

Notes (forming part of the Financial Statements) continued

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	
	2013 £000	2012 £000
US Dollar to Sterling	(24)	(15)
Euro to Sterling	(4)	(10)

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 (see section (ii) Liquidity & Interest Risk and Note 20) that contain certain external capital requirements ('covenants') that are considered normal for these types of arrangements. As discussed above, we remain comfortably within all such covenants.

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

The capital structure of the Group is presented below:

	2013 £000	2012 £000
Cash and cash equivalents (note 19)	10,555	11,798
Borrowings (note 20)	(15,752)	(20,208)
Net debt	(5,197)	(8,410)
Equity	(60,422)	(53,488)
Capital	(65,619)	(61,898)

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	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Less than one year	**2,197**	2,081	**27**	31
Between two and five years	**3,375**	3,519	**20**	45
More than five years	**389**	487	**–**	–
	5,961	6,087	**47**	76

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 (2012: £nil). The Group has recognised a provision of £0.10 million (2012: £0.94m) in respect of onerous leases which is included within the restructuring provision (see note 23).

Group

During the year £2.33 million was recognised as an expense (2012: £2.32m) in the income statement in respect of operating leases.

Company

During the year £0.06 million (2012: £0.10m) was recognised as an expense in the income statement in respect of operating leases.

28 Contingencies

Group and Company

(i) The Company has cross guarantees on its UK Banking facilities with its three UK subsidiaries. The amount outstanding at the end of the year was £6.19 million (2012: £6.12m).

(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 2012 to 31 March 2013, 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 £0.09 million (2012: charge of £0.23m).

Transactions with Directors and Directors' close family relatives

During the year, a relative of the Chairman provided IT/Marketing consultancy services totalling £16,250 (2012: £27,250) on an arm's length basis and terms similar to other third party suppliers. The outstanding balance at 31 March 2013 was £1,000 (31 March 2012: £2,000).

Related party transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included on page 114.

Notes (forming part of the Financial Statements) continued

29 Related parties continued

Company related party transactions – income/expenditure

	Income				Expenditure
	Rent £000	Management Fees £000	Loan Interest	Total £000	Management Fees £000
TR Fastenings Ltd	196	369	–	565	150
TR Southern Fasteners Ltd	–	26	–	26	–
TR Norge AS	–	35	–	35	–
TR Fastenings AB	–	48	–	48	–
TR Miller BV	–	45	11	56	–
Lancaster Fastener Co Ltd	–	31	–	31	–
TR Hungary Kft	–	38	25	63	–
TR Asia Investments Pte Ltd	–	252	–	252	–
TR Fastenings Inc	–	39	–	39	–
	196	883	36	1,115	150

Company Related Party Transactions – Receivable/Payable

	Balances Receivable	Balances Payable
	Trade Receivables £000	Trade Payables £000
TR Fastenings Ltd	229	26
TR Southern Fasteners Ltd	4	–
TR Norge AS	–	–
TR Fastenings AB	4	–
TR Miller BV	375	–
Lancaster Fastener Co Ltd	31	–
TR Hungary Kft	462	–
TR Fastenings Inc	–	–
TR Asia Investments Pte Ltd	3	–
Dormant Subsidiaries	11	267
Trifast Overseas Holdings Ltd	–	2,300
Trifast Holdings BV	284	–
TR Fastenings Poland Sp Zoo	13	–
	1,416	2,593

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

30 Subsequent events

There are no material adjusting or non-adjusting events subsequent to the Balance Sheet date.

31 Accounting estimates and judgements

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

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

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

- Recoverable amount of goodwill (note 12)
  The recoverable amount is the greater of net selling price and value in use, where value in use is determined by discounting the future cashflows generated from the continuing use of the unit. Further details are provided in note 13.

- Provisions (note 23)
  A provision is recognised in the balance sheet where the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Management have based their judgements on the latest available information, reflecting the expected outcome.

  In respect of onerous leases and dilapidation provisions, external Advisers 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	£111	Holding company	100%	100%
TR Fastenings Ltd	United Kingdom	£10,200	Manufacture and distribution of fastenings	100%	–
TR Southern Fasteners Ltd	Republic of Ireland	€254	Distribution of fastenings	100%	–
TR Norge AS	Norway	NOK300,000	Distribution of fastenings	100%	–
TR Miller Holding BV	Holland	€45,378	Distribution of fastenings	100%	–
Lancaster Fastener Company Ltd	United Kingdom	£40,000	Distribution of fastenings	100%	–
TR Fastenings AB	Sweden	SEK1,500,000	Distribution of fastenings	100%	–
TR Hungary Kft	Hungary	HUF 3,000,000	Distribution of fastenings	100%	–
TR Fastenings Poland Sp. Z o.o.	Poland	PLN 50,000	Distribution of fastenings	100%	100%
Asia					
TR Asia Investment Holdings Pte Ltd	Singapore	SG$4	Holding company	100%	–
TR Formac Pte Ltd	Singapore	SG$315,000	Manufacture and distribution of fastenings	100%	–
TR Formac (Malaysia) SDN Bhd	Malaysia	MYR$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 Pte Ltd	India	INR 10,000,000	Distribution of fastenings	100%	–
PowerSteel & Electro-Plating Works SDN Bhd	Malaysia	MYR$4,586,523	Manufacture and 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.

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

Glossary of Terms

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

P/E ratio (price per earnings)
The P/E ratio is an important indicator as to how the investing market views the health, performance, prospects and investment risk of a PLC. The P/E ratio is arrived at by dividing the share price by the earnings per share (profit after tax and interest divided by the number of ordinary shares in issue). To calculate the P/E ratio:

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

Profit and loss account (P&L)
The P&L shows how well the company has performed in its trading activities and would cover a trading account for a period.

The P&L shows profit performance and typically shows sales revenues, cost of sales/cost of goods sold, generally a gross profit margin, fixed overheads and/or operating expenses, and then a profit before tax figure (PBT).

Balance sheet
The balance sheet provides a 'snapshot' at a particular date in time of who owns what in the company, and what assets and debts represent the value of the company.

The balance sheet is where to look for information about short-term and long term debts, gearing (the ratio of debt to equity), reserves, stock values (materials and finished goods), capital assets, cash, and the value of shareholders' funds. The balance sheet equation is

Capital + Liabilities (where the money came from)
= Assets (where the money is now)

Cashflow
The movement of cash in and out of a business from day-to-day direct trading and other non-trading effects, such as capital expenditure, tax and dividend payments.

Cashflow statement
The Cashflow statement shows the movement and availability of cash through and to the business over a given period and it is fundamental that financial forecasting and reporting of cash movement and availability is accurate. For any business 'cash is king' and essential to meet payments for example to suppliers, staff and other creditors.

Current assets
Cash and anything that is expected to be converted into cash within 12 months of the balance sheet date. For example debtors, stocks.

Current liabilities
Money owed by the business that is generally due for payment within 12 months of balance sheet date. For example: creditors, bank overdraft, taxation.

Depreciation
The proportion of cost relating to a capital item, over an agreed period, (based on the useful life of the asset), for example, a piece of equipment costing £10,000 having a life of five years might be depreciated over five years at a cost of £2,000 per year.

This for example would be shown in the P&L as a depreciation cost of £2,000 per year; the balance sheet would show an asset value of £8,000 at the end of year one, reducing by £2,000 per year; and the cashflow statement would show all £10,000 being used to pay for it in year one.

Dividend
A dividend is a payment made per share, to a company's shareholders and is based on the profits of the year, but not necessarily all of the profits; Normally a half year dividend is recommended by a company Board whilst the final dividend for the year is proposed by the Board of Directors and shareholders consider this and vote at an Annual General Meeting.

Earnings before
There are several 'Earnings before…..' ratios. The key ones being:

- PBT — Profit/earnings before taxes
- EBIT — Earnings before interest and taxes
- EBITDA — Earnings before interest, taxes, depreciation, and amortisation

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

Glossary of Terms

Gearing
The ratio of debt to equity, usually the relationship between long term borrowings and shareholders' funds.

Goodwill
Any surplus money paid to acquire a company that exceeds its net tangible assets value.

ICAEW
Institute of Chartered Accountants in England & Wales.

Intellectual property (IP)
This is an intangible asset such as a copyright or patent.

Copyright is the exclusive right to produce copies and to control an original work and is granted by law for a specified number of years.

A patent is a government grant to an inventor assuring the inventor the sole right to make, use and sell an invention for a limited period.

Open Ended Investment Companies (OEIC)
Funds managed by institutional investors. These funds can mix different types of investment strategies such as income and growth, and small cap and large cap stocks. There are no bid and ask quotes on the OEIC shares; buyers and sellers receive the same price.

The value of OEIC investment and any income from it is not guaranteed and can go down as well as up and investors may not get back the original amount invested.

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

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

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

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

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

Return on capital employed (ROCE)
A fundamental financial performance measure. A percentage figure representing profit before interest against the money that is invested in the business.

EBIT ÷ Capital employed (net assets + net debt) × 100 = ROCE

Share capital
The balance sheet nominal value paid into the company by shareholders at the time(s) shares were issued.

Shareholders' funds
A measure of the shareholders' total interest in the company represented by the total share capital plus reserves

Trademark
The name or a symbol used by a manufacturer or dealer to distinguish its products from those of competitors. A Registered trademark is one that is officially registered and legally protected.

Working capital
Current assets less current liabilities, representing the required investment, continually circulating, to finance stock, debtors, and work in progress.

Company and Adviser details

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Jonathan Shearman
Scott Mac Meekin

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Jonathan Shearman (Chairman)
Neil Chapman
Scott Mac Meekin

Nominations Committee
Neil Chapman (Chairman)
Jonathan Shearman
Malcolm Diamond MBE
Jim Barker

Company Secretary
Mark Belton

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Pictured: Winners in 2012 & 2011 of the Investor Relations Society Best Corporate Website (Small cap to AIM category).

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 the 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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