Tuesday, 16 June 2015

Trifast plc

W O R L D   O F   O P P O R T U N I T Y

A CLEAR STRATEGY FOR GROWTH

Preliminary results for the year ended 31 March 2015

"We are delighted to be able to report a record performance for the year. This is reflected in an impressive increase in terms of revenue, up 19%, and underlying profit before tax, up 56%"

HIGHLIGHTS	Year ended 31 March 2015	Year ended 31 March 2014	Change AER^	Change CER†
➢ Group revenue	**£154.74m**	£129.78m	**+19.2%**	**+22.6%**
➢ Underlying operating profit*	**£15.27m**	£9.70m	**+57.5%**	**+62.1%**
➢ Underlying profit before taxation*	**£14.31m**	£9.16m	**+56.2%**	**+61.0%**
➢ Operating profit	**£12.82m**	£9.41m	**+36.2%**	**+41.1%**
➢ Profit before taxation	**£11.85m**	£8.87m	**+33.6%**	**+38.6%**
➢ Earnings per share:				
- Basic	**7.39p**	6.08p	**+21.5%**	
- Underlying diluted*	**8.68p**	5.95p	**+45.9%**	
➢ Dividend				
- final proposed	**1.50p**	1.00p	**+50.0%**	
- total for year	**2.10p**	1.40p	**+50.0%**	
➢ Return on capital employed ('ROCE')*	**18.6%**	16.3%	**+230bps**	
➢ Net debt/(cash)	**£13.42m**	(£2.03m)	**£15.45m**	

** before separately disclosed items, as shown in note 2*
^ Actual Exchange Rate ('AER')
† Constant Exchange Rate ('CER')

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

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

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

PRELIMINARY STATEMENT ATTACHED

Results briefing will be held at 8.30am (UK) today: The Gold Room, No.1 Cornhill, London EC3V 3ND, Telephone: +44 (0)20 3008 4610

Conference dial-in facility: on request, please contact +44 (0)7785 703523 or email fiona@tooleystreet.com

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CHAIRMAN'S LETTER - By Executive Chairman, Malcolm Diamond MBE

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

The core dynamics of our Group are founded on:

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

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

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

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

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

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

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

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

The outcome of this is as follows:

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

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

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

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

BUSINESS REVIEW

Business & market overview

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

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

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

Our global industry

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

Our performance

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

In FY 2015, our business delivered its strongest trading performance since it was formed over 40 years ago. This excellent result was achieved through a mix of strong, organic profitable growth combined with the additional income stream from VIC in Italy, which joined the Group on 30 May 2014. It is pleasing to report that VIC has not only integrated well into the Group but has broadened our design application capabilities, strengthened our presence within the domestic appliances sector and further enhanced our manufacturing capabilities within Europe.

Six year history

2010–2015: "recovery to sustainable growth"

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

* Before separately disclosed items, see note 2

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

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

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

Dividend policy

Given the Board's confidence in its growth strategy, the Directors are proposing, subject to shareholder approval, a final dividend of 1.50p per share. This, together with the interim dividend of 0.60p (paid on 17 April 2015) brings the total for the year to 2.10p, an increase of 50% on the prior year (2014: 1.40p). The dividend of 2.10p is covered c.4x by underlying earnings. The final dividend will be paid on 16 October 2015 to shareholders on the register at the close of business on 18 September 2015. The ordinary shares will become ex-dividend on 17 September 2015.

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

FINANCIAL RESULTS

Revenue

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

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

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

Margin improvements

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

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

Distribution and administration costs ('D&A'), pre-separately disclosed items, increased by 12.7%. This is due to the acquisition of VIC and the investment in new staff and capabilities to reinforce our sales and marketing initiatives. Although Group headcount has gone up to 1,165 at 31 March 2015 (2014: 1,038), overall these D&A costs have reduced as a percentage of revenue from 20.5% in the comparable year to 19.4% in the year under review.

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

Operating profit

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

Separately disclosed items

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

Financing

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

Profit before tax

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

Taxation

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

REGIONAL TRADING PERFORMANCE

➢ UK — representing 42% of Group revenue

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

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

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

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

➢ Asia — representing 25% of Group revenue

Our Singapore and Taiwan businesses delivered the largest growth in the region.

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

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

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

In Malaysia, our operations experienced a slight softening in their key markets during the year under review. However, in the short to medium term, we see this trend reversing as the development work that PSEP has put in with some major automotive OEMs bears fruit. As part of our quest to further drive operational efficiencies and share 'best practice' initiatives, we have pooled the skills and technical know-how of our two Malaysian management teams to create a more effective self-managing group able to take the business forward over the next few years. They will benefit from working as one team enabling them to share ideas and work together more effectively. In addition, at PSEP, as part of our capital investment programme last year and covered in our review in 2014, we anticipate taking delivery of a state-of-the-art large diameter cold forging machine weighing 42 tonnes and costing £1m, with the intention of it becoming operational during the latter part of this new financial year. This multi-stage former is being manufactured in Japan and will provide a quantum leap in our production capability, in particular with regard to the complexity and accuracy of customised components.

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

- **Europe — representing 30% of Group revenue**

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

Organic

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

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

During the year, Hungary continued its strong growth, further increasing our presence in the electronics/telecoms sectors. Holland witnessed its prior years' momentum continue with a number of new automotive projects, where production has commenced. These are providing a platform for this encouraging trend to continue. Our performance in the Nordic countries, particularly Norway, despite all our efforts, has been affected by the challenging economic conditions in the oil and gas industry.

VIC

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

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

- **North America — representing 3% of Group revenue**

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

BALANCE SHEET & CASH FLOW

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

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

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

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

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

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

Cash flow summary

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

* Before separately disclosed items, see note 2

Banking facilities and covenants

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

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

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

GROUP OUTLOOK

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

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

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

WORLD OF OPPORTUNITY - A clear strategy for growth

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

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

Rolling out a winning formula

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

The competitive pressures constantly endured by the automotive, electronics/telecoms and domestic appliances sectors force their suppliers to embrace continuous improvement in every element of their processes. The combination of our peoples' technical skills, world-class manufacturing facilities and sophisticated service and logistics is well proven to be ideally placed for the ever increasing supply chain efficiencies being demanded by our high volume assembly customers.

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

Our people

The Group employs over 1,100 motivated and talented people. Every colleague around the world is a valued member of the *TR* family who on a daily basis work together to deliver a high quality service for all of our customers.
It is our people working together to support each others' development, combined with their understanding of their part in our strategy, that underpins the Group's positive momentum and impressive trading results.

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

STRATEGIC PILLARS - Our strategy explained:

Investment driven growth

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

Core strategy — focus on multinational OEMs

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

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

"Competitive" = Value add

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

Acquisitions

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

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

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

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

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

Consolidated income statement

for the year ended 31 March 2015

	Note	2015 £000	2014 £000
Continuing operations			
Revenue	3	**154,741**	129,775
Cost of sales		**(109,866)**	(93,809)
Gross profit		**44,875**	35,966
Other operating income	4	**352**	312
Distribution expenses		**(3,108)**	(2,927)
Administrative expenses before separately disclosed items		**(26,845)**	(23,655)
IFRS2 charge	2	**(741)**	(67)
Intangible amortisation	2	**(551)**	(221)
Net acquisition costs	2, 14	**(750)**	—
Costs on exercise of executive share options	2	**(511)**	—
Release of closure provision for *TR* Formac (Suzhou) Co. Ltd	2	**94**	—
Total administrative expenses		**(29,304)**	(23,943)
Operating profit		**12,815**	9,408
Financial income		**97**	85
Financial expenses		**(1,063)**	(619)
Net financing costs		**(966)**	(534)
Profit before taxation	2, 3	**11,849**	8,874
Taxation	6	**(3,455)**	(2,276)
Profit for the period (attributable to equity shareholders of the Parent Company)		**8,394**	6,598
Earnings per share			
Basic	13	**7.39p**	6.08p
Diluted	13	**7.07p**	5.76p

Consolidated statement of comprehensive income

for the year ended 31 March 2015

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

Consolidated statement of changes in equity

for the year ended 31 March 2015

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2014	**5,435**	**18,488**	**6,888**	**30,856**	**61,667**
Total comprehensive income for the year:					
Profit for the year	—	—	—	8,394	8,394
Other comprehensive expense for the year	—	—	(546)	—	(546)
Total comprehensive (expense)/income recognised for the year	—	—	(546)	8,394	7,848
Issue of share capital	374	2,490	—	—	2,864
Share based payment transactions (including tax)	—	—	—	870	870
Dividends (note 12)	—	—	—	(1,569)	(1,569)
Total transactions with owners	374	2,490	—	(699)	2,165
Balance at 31 March 2015	5,809	20,978	6,342	38,551	71,680

Consolidated statement of changes in equity

for the year ended 31 March 2014

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2013	5,412	18,427	11,971	24,612	60,422
Total comprehensive income for the year:					
Profit for the year	—	—	—	6,598	6,598
Other comprehensive expense for the year	—	—	(5,083)	—	(5,083)
Total comprehensive (expense)/income recognised for the year	—	—	(5,083)	6,598	1,515
Issue of share capital	23	61	—	—	84
Share based payment transactions (including tax)	—	—	—	513	513
Dividends (note 12)	—	—	—	(867)	(867)
Total transactions with owners	23	61	—	(354)	(270)
Balance at 31 March 2014	5,435	18,488	6,888	30,856	61,667

Company statement of changes in equity

for the year ended 31 March 2015

	Share capital £000	**Share premium £000**	**Merger reserve £000**	**Retained earnings £000**	**Total equity £000**
Balance at 31 March 2014	**5,435**	**18,488**	**1,521**	**5,404**	**30,848**
Total comprehensive income for the year:					
Profit for the year	**—**	**—**	**—**	**924**	**924**
Total comprehensive income recognised for the year	**—**	**—**	**—**	**924**	**924**
Issue of share capital	**374**	**2,490**	**—**	**—**	**2,864**
Share based payment transactions (including tax)	**—**	**—**	**—**	**827**	**827**
Dividends (note 12)	**—**	**—**	**—**	**(1,569)**	**(1,569)**
Total transactions with owners	**374**	**2,490**	**—**	**(742)**	**2,122**
Balance at 31 March 2015	**5,809**	**20,978**	**1,521**	**5,586**	**33,894**

Company statement of changes in equity

for the year ended 31 March 2014

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2013	5,412	18,427	1,521	3,108	28,468
Total comprehensive income for the year:					
Profit for the year	—	—	—	2,768	2,768
Total comprehensive income recognised for the year	—	—	—	2,768	2,768
Issue of share capital	23	61	—	—	84
Share based payment transactions (including tax)	—	—	—	395	395
Dividends (note 12)	—	—	—	(867)	(867)
Total transactions with owners	23	61	—	(472)	(388)
Balance at 31 March 2014	5,435	18,488	1,521	5,404	30,848

Statements of financial position

at 31 March 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note	**£000**	£000	**£000**	£000
Non-current assets					
Property, plant and equipment		**15,623**	11,828	**2,424**	2,414
Intangible assets		**32,162**	16,959	**—**	—
Equity investments		**—**	—	**34,700**	33,551
Deferred tax assets		**1,272**	1,257	**491**	842
Total non-current assets		**49,057**	30,044	**37,615**	36,807
Current assets					
Inventories	7	**37,418**	30,574	**—**	—
Trade and other receivables	8	**39,864**	27,665	**25,509**	1,531
Cash and cash equivalents	9	**15,453**	15,535	**1,292**	743
Total current assets		**92,735**	73,774	**26,801**	2,274
Total assets	3	**141,792**	103,818	**64,416**	39,081
Current liabilities					
Bank overdraft	9	**439**	31	**4,738**	3,700
Other interest-bearing loans and borrowings	10	**11,906**	10,950	**1,809**	—
Trade and other payables	11	**34,482**	24,678	**8,384**	4,317
Tax payable		**1,927**	2,120	**—**	—
Provisions		**298**	124	**—**	—
Total current liabilities		**49,052**	37,903	**14,931**	8,017
Non-current liabilities					
Other interest-bearing loans and borrowings	10	**16,523**	2,524	**15,374**	—
Provisions		**885**	938	**—**	—
Deferred tax liabilities		**3,652**	786	**217**	216
Total non-current liabilities		**21,060**	4,248	**15,591**	216
Total liabilities	3	**70,112**	42,151	**30,522**	8,233
Net assets		**71,680**	61,667	**33,894**	30,848
Equity					
Share capital		**5,809**	5,435	**5,809**	5,435
Share premium		**20,978**	18,488	**20,978**	18,488
Reserves		**6,342**	6,888	**1,521**	1,521
Retained earnings		**38,551**	30,856	**5,586**	5,404
Total equity		**71,680**	61,667	**33,894**	30,848

Statements of cash flows

for the year ended 31 March 2015

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

NOTES

1 Preparation of the preliminary announcement

The preliminary results announcement for the year ended 31 March 2015 has been prepared by the Directors based on the results and position reflected in the statutory accounts. The statutory accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRS').

The Board of Directors approved the preliminary announcement on 15 June 2015.

2 Underlying profit before tax and separately disclosed items

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

3 Operating segmental analysis

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

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

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

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

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

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

Geographical operating segments

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

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

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

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

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

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

4 Other operating income

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

5 Expenses and auditor's remuneration

Included in profit for the year are the following:

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

Auditor's remuneration:

	2015 £000	2014 £000
Audit of these financial statements	**41**	40
Audit of financial statements of subsidiaries pursuant to legislation	**183**	153
Taxation compliance services	**44**	26
Other assurance services	**22**	30
Other services relating to transaction services	**309**	175
	599	424

6 Taxation

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

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

6 Taxation *(continued)*

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

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

7 Inventories — Group

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

8 Trade and other receivables

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

9 Cash and cash equivalents/bank overdrafts

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

10 Other interest-bearing loans and borrowings

This note provides information about the Group and Company's interest-bearing loans and borrowings.

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

11 Trade and other payables

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

12 Dividends

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

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

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

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

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

13 Earnings per share

Basic earnings per share

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

Weighted average number of ordinary shares

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

Diluted earnings per share

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

Weighted average number of ordinary shares (diluted)

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

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

Underlying earnings per share

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

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

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

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

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

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

In the ten months since acquiring VIC to 31 March 2015, the subsidiary contributed £4.43m to the consolidated operating profit for the year and £19.57m to the Group's revenue. If the acquisition had occurred on 1 April 2014, Group revenue would have increased by an estimated £4.45m and consolidated operating profit would have been increased by an estimated £0.59m. In determining these amounts management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 April 2014.

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

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

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

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

Intangible assets that arose on the acquisition include the following:

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

14 Acquisition of Viterie Italia Centrale SPA ('VIC') *(continued)*

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

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

Effect of acquisition

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

15 Preliminary statement

The financial information set out above does not constitute the Group's statutory Report and Accounts for the years ended 31 March 2015 or 2014 but is derived from the 2015 Report and Accounts. The Report and Accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered in due course. The external auditor has reported on the 2015 Report and Accounts; the report was (i) unqualified, (ii) did not include references to any matters to which the external auditor drew attention by way of emphasis without qualifying the reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

16 Communications

The Company is not proposing to bulk print and distribute hard copies of this Preliminary statement unless specifically requested by individual shareholders. News updates, Regulatory News, and previous years' Report and Accounts, can be viewed and downloaded from the Group's website, www.trifast.com.

The Report and Accounts for the year ended 31 March 2015, together with the Notice of Meeting will be posted to shareholders and uploaded to the National Storage Mechanism and the Group's website, www.trifast.com, in due course.

Further copies of the Preliminary statement and the Report and Accounts will be available on request by writing to: The Company Secretary, Trifast plc, Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, Email: corporate.enquiries@trifast.com.

17 Annual General Meeting

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

Editors' note:

LSE Premium Listing: **Ticker: TRI**

Group website: www.trifast.com

About us: *Trifast*'s trading business *TR* Fastenings is a leading international manufacturer and distributor of industrial fastenings to the assembly industries, with operations in Europe, the Americas and Asia.

For more information, please visit www.trfastenings.com

LinkedIn: www.linkedin.com/company/tr-fastenings

Twitter: www.twitter.com/trfastenings

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Forward-looking statements

This announcement contains certain forward looking statements. These reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future thereby involving a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company.