Tuesday, 12 June 2018

TRIFAST PLC

('*Trifast'*, the 'Group' '*TR'* or 'Company')

Preliminary results for the year ended 31 March 2018

"CELEBRATING 45 YEARS OF SERVICE TO INDUSTRY"

Leading international specialists in the engineering, manufacturing and distribution of high quality, industrial fastenings to major global assembly industries

"HOLDING THE WORLD TOGETHER"

"*TR* delivers another year of strong growth and a 10% dividend increase - this year's key revenue message continues to be one of consistent growth across all our regions"

"THE GROWTH STORY SET TO CONTINUE…."

KEY FINANCIALS

Continuing operations	Year ended 31 March 2018 at CER	Year ended 31 March 2018 at AER	Year ended 31 March 2017	Change CER†	Change AER^
Total Group revenue	**£193.9m**	**£197.6m**	£186.5m	+4.0%	+6.0%
Gross profit %	**30.5%**	**30.5%**	31.1%	-60bps	-60bps
Underlying operating profit*	**£22.1m**	**£22.7m**	£21.0m	+5.1%	+8.1%
Operating profit	**£18.4m**	**£19.0m**	£17.9m	+3.1%	+6.3%
Underlying profit before tax*	**£21.6m**	**£22.2m**	£20.5m	+5.4%	+8.5%
Profit before tax	**£17.9m**	**£18.5m**	£17.3m	+3.4%	+6.7%
Underlying diluted earnings per share*	**13.39p**	**13.78p**	12.82p	+4.4%	+7.5%
Diluted earnings per share	**11.82p**	**12.20p**	10.40p	+13.7%	+17.3%
Dividend:					
— final proposed		**2.75p**	2.50p		+10%
— interim		**1.10p**	1.00p		+10%
— total for the year		**3.85p**	3.50p		+10%
Net debt		**£7.4m**	£6.4m		+£1.0m
Return on capital employed (ROCE)*		**20.1%**	19.9%		+20bps

*Before separately disclosed items (see note 2)
†Constant exchange rate (CER)
^Actual exchange rate (AER)

- Total revenue increase of 6.0% at Actual Exchange Rate (AER), 4.0% at Constant Exchange Rate (CER)
- Sales to multinational OEMs contribute over 65% of Group turnover
- At 30.5%, gross margin remains 50bps above target
- Underlying profit before tax increased 8.5% at AER, 5.4% at CER
- Total dividend of 3.85p, an increase of 10.0% on the prior year
- An investment of up to £15.0m to transform our IT infrastructure and business processes has been approved, underpinning our future growth and generating an estimated ROI of over 25% p.a. at the point of full benefit realisation
- Targeted warehouse expansions support double digit growth in key locations
- Capital investment rises to £3.7m, increasing our manufacturing capacity and capabilities
- Precision Technology Supplies ("PTS"), a key distributor of stainless steel fastenings in the UK, acquired on 4 April 2018, expected to be earnings enhancing in FY2019

"As expected, 2018 has delivered another year of strong growth, with ongoing investment across all our regions.

As a Group, we continue to invest in our operations around the world to support our ongoing growth story. In manufacturing, our capital expenditure plans will continue to increase capacity most noticeably at both our Italian and Singaporean sites. On the distribution side of the business, we have already expanded warehousing capacity in Shanghai and Northern Ireland to support the strong growth we are seeing in both of these markets. Moving into our new site in the USA in April this year, represents one of our biggest warehousing investments in recent years. This has increased capacity significantly to future proof the business for further growth.

This, together with a strong balance sheet, as well as a proven track record of profitable investment, means the Group is in a great position to keep moving forward. The current year has started well, with a robust pipeline in place, and the Board remains confident of delivering on its expectations."

Mark Belton
Chief Executive Officer

"Our solid record of delivering organic revenue growth in recent times has provided the financial strength and confidence to underpin the teams' judgement that this is the optimum time in our development to further strengthen our operating, manufacturing and digital platforms across the world.

As we acknowledge yet another strong, progressive and profitable year for Trifast, I would like to offer my sincere thanks, admiration and gratitude to all our colleagues across the various locations within our Group who have fully displayed their commitment and abilities against the stretching challenges set by the Board on behalf of all our shareholders."

Malcolm Diamond MBE
Non-Executive Chairman

PRELIMINARY STATEMENT ATTACHED

PRESENTATION OF RESULTS
Results briefing will be held at 8.45am-9.45am (UK) today at No1 Cornhill Business Centre, London, EC3V 3ND

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

To listen to an interview with Mark Belton, CEO follow this link:
https://www.brrmedia.co.uk/broadcasts-embed/5b19536602f5e74d0f2d8e20/event

NOTE:
Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER'). Where we refer to 'underlying' this is defined as being before separately disclosed items. Where we refer to 'EBITDA' this is defined as being earnings before interest, tax, depreciation and amortisation (see note 2 in this announcement).

Further enquiries please contact:

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EDITOR'S NOTE

***TRIFAST* PLC**
LSE Premium Listing: Ticker: TRI

About us: *Trifast* is a leading international specialist in the engineering, manufacturing and distribution of high quality industrial fastenings to major global assembly industries. We are a 24/7 'full service provider' offering 'end-to-end' support to all our customers. Our success and ongoing growth is based on a unique mix of high quality manufacturing, sourcing know-how and adaptable, reliable global logistics.

Key sectors are automotive, domestic appliances, electronics and distributors. The Group employs *c.*1,300 staff across 31 global locations across the UK, Europe, Asia and the USA.

For more information, please visit

Group website: www.trifast.com
LinkedIn: www.linkedin.com/company/tr-fastenings
Twitter: www.twitter.com/trfastenings
Facebook: www.facebook.com/trfastenings

***TRIFAST* PLC**

('*Trifast'*, the 'Group' '*TR'* or 'Company')

Preliminary results for the year ended 31 March 2018

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Statement to shareholders from Chairman Malcolm Diamond MBE

"A solid record of delivering growth. *The 2018 final proposed dividend means that over the last five years dividends have grown from 0.80p to 3.85p, equating to a compound annual growth rate of 37%."*

The commercial, political and macro-economic uncertainties of this year have dominated all news media in such an unrelenting negative stream that any semblance of positive news seems to have been all but eclipsed.

However, as can be demonstrated within this report, global manufacturing (upon which *Trifast* relies for its continuing annual growth) has steadily flourished in the UK, Europe, Asia and North America, thus supporting the rationale for, and subsequently reinforcing, our decision to make extensive capital and personnel investment across our entire customer service network over the last couple of years.

Our solid record of delivering organic revenue growth in recent times has provided the financial strength and confidence to underpin the teams' judgement that this is the optimum time in our development to further strengthen our operating, manufacturing and digital platforms across the world.

With over 65% of revenue deriving from multinational OEMs, we have carefully examined what will continue to differentiate *Trifast* from our competitors going forward and maintain our growth momentum.

In addition to our excellent service levels and high-quality products, we have identified specialist worldwide sourcing together with technical development for customer new designs through in-house engineering and production resources, as "must haves" within our service offering, all of which should future proof the *Trifast* business.

To fully coordinate these facilities into a one-stop service offering on a global scale, there has to be an integrated management information system (MIS). This is where Project Atlas, our significant investment in our IT infrastructure and business processes, comes in so that a customer who requires identical components for their assembly plants in say China, Germany or the US can rely on just one of our customer support teams based, for example, in Holland or Sweden, to organise the entire supply and traceability function. This will ensure consistency for our customers who assemble identical equipment in their geographically spread plants. Likewise, our aim is to enable our procurement managers based, say in Italy, to be able to pinpoint an actual individual *TR* factory machine within the Group, that has the optimum capacity at that moment in time to quickly satisfy an urgent customer order, rather than the traditional process which is to quote an average delivery time based on the entire factory loading (typically some six to eight weeks). This is where our markets are looking and so *Trifast* must be ready.

All these initiatives are aimed at *Trifast* remaining widely acknowledged by the market as being truly world class. However, no financial business investment will provide a realistic return without the support of its people – which in turn can only come from consistent care and attention, complemented by motivation and appropriate training provided by our team leaders.

Therefore, we have grown our HR team to ensure a strong focus, which this year, for the first time, has included a Group wide staff survey, further details are contained in the forthcoming Annual Report.

Following recent publicity about large scale outsourcing providers, I am extremely reassured by our preference to retain key company functions within the Group. This is reflected in our culture, which shareholders recognise, which is very robust in developing skills in-house. This is clearly demonstrated through our first-class specialists who manage our IT, HR, Quality and Marketing functions for the entire Group with very little recourse for external help.

As we acknowledge yet another strong, progressive and profitable year for *Trifast*, I would like to offer my sincere thanks, admiration and gratitude to all our colleagues across the various locations within our Group who have fully displayed their commitment and abilities against the stretching challenges set by the Board on behalf of all our shareholders.

Finally, on behalf of all stakeholders, I would like to thank all staff for their hard work and dedication and congratulations on another year of great achievement.

Malcolm Diamond MBE
Non-Executive Chairman
11 June 2018

BUSINESS REVIEW

"2018 has delivered another year of strong growth, with ongoing investment across all our regions. This, together with a robust balance sheet, good banking relationships and access to facilities as well as a proven track record of profitable investment, means the Group is in a great position to keep moving forward."

Mark Belton
Chief Executive Officer

Our Group performance:

	FY2018 CER	FY2018 AER	FY2017	Growth at CER	Growth at AER
Revenue	£193.9m	£197.6m	£186.5m	+4.0%	+6.0%
Gross profit	£59.2m	£60.2m	£58.0m	+2.0%	+3.8%
GP%	30.5%	30.5%	31.1%	-60bps	-60bps
Underlying operating profit ('UOP') *	£22.1m	£22.7m	£21.0m	+5.1%	+8.1%
UOP%*	11.4%	11.5%	11.3%	+10bps	+20bps
Operating profit ('OP')	£18.4m	£19.0m	£17.9m	+3.1%	+6.3%
OP%	9.5%	9.6%	9.6%	-10bps	+0bps
Underlying EBITDA*	£24.0m	£24.7m	£22.9m	+4.9%	+7.8%
Underlying EBITDA%*	12.4%	12.5%	12.3%	+10bps	+20bps
Underlying profit before tax*	£21.6m	£22.2m	£20.5m	+5.4%	+8.5%
Profit before tax	£17.9m	£18.5m	£17.3m	+3.4%	+6.7%
Underlying diluted EPS*	13.39p	13.78p	12.82p	+4.4%	+7.5%
Diluted EPS	11.82p	12.20p	10.40p	+13.7%	+17.3%
Underlying ROCE*		20.1%	19.9%		+20bps

* Before separately disclosed items (see note 2)

The Group has continued to perform well across all our regions, delivering another year of strong organic growth. Revenues have increased by 4.0% at Constant Exchange Rate (CER) and are up 6.0% to £197.6m at Actual Exchange Rate ('AER') for FY2018.

The largest source of growth continues to be from our multinational OEMs, with sales to these contributing over 65% of our Group turnover.

We are particularly pleased to report that, despite the effects of anticipated purchase price inflation and the upfront costs of our ongoing investments into manufacturing capacity in our European region, we have been able to maintain gross margins 50bps above our 30.0% target at 30.5% (2017: 31.1%). Whilst good cost control across the business, even in a period of investment driven growth, has allowed our underlying operating margins to remain at an historic high of 11.4% (2017: 11.3%), up 5.1% to £22.1m at CER, 8.1% to £22.7m at AER (2017: £21.0m).

All of the above has helped to drive strong AER growth in both our underlying PBT, up 8.5% to £22.2m (2017: £20.5m) and our underlying diluted EPS, up 7.5% to 13.78p (2017: 12.82p).

Dividend

With a proven track record, a strong balance sheet and an established strategy for growth we remain committed to a progressive dividend policy.

As a result, the Directors are proposing, subject to shareholder approval, a final dividend of 2.75p per share. This, together with the interim dividend of 1.10p (paid on 12 April 2018), brings the total for the year to 3.85p per share, an increase of 10.0% on the prior year (2017: 3.50p). The final dividend will be paid on 12 October 2018 to shareholders on the register at the close of business on 14 September 2018. The ordinary shares will become ex-dividend on 13 September 2018.

The 2018 final proposed dividend means that over the last five years dividends have grown from 0.80p to 3.85p, equating to a compound annual growth rate ('CAGR') of 37%. Over the same time, dividend cover has fallen, now representing cover of 3.6x. For the medium term, we believe an appropriate level of cover will continue to be in the range of 3x to 4x. As is always the case, the actual dividend each year will need to take into account our ongoing strategy of investment driven growth, any acquisitions and working capital requirements of a growing business.

Revenue

As in 2017, this year's key revenue message continues to be one of consistent growth across all of our regions.

Our European operations have exited the year strongly, with revenues in HY2 growing by 5.2% at CER (7.5% at AER) and leading to a year-on-year revenue growth of 3.8% at CER, 8.6% at AER (2017: 9.8% of which 4.6% was organic at CER). This good regional performance is particularly commendable, as it follows abnormally high sales volumes in our Italian domestic appliances business in 2017, as we supported a global product recall programme for one of our key accounts. Our most significant trading gains in 2018 have arisen in the automotive sector in Holland and Sweden, with both sites achieving double digit CER revenue growth of 15.4% and 13.6% respectively.

In Asia, we have seen continued good growth, with a year-on-year increase of 4.6% to £56.3m (6.3% at AER, 2017: 6.5%) coming out of sustained high trading levels following a very strong first half of the year. Trading has increased almost across the board, with Shanghai showing the strongest individual growth at 9.6%. This is mostly in the automotive sector as we expand into a number of our multinational OEM customers both locally and into Japan.

For our UK businesses, despite the ongoing uncertainties surrounding Brexit, it has been another year of strong growth. Overall total revenues are up 5.4% to £73.0m (2017: 4.6% to £69.3m). With the biggest increase continuing to be seen across our European distribution businesses, growing 23.4% to £10.0m at AER. Outside of this, growth has largely come from increased sales to our core multinational OEMs across a number of sectors.

In the US, we are very pleased to report a return to higher growth levels following a slow HY1 as a result of Hurricane Harvey. A very strong HY2, predominantly in the automotive sector, has seen year-on-year growth increase back up to 8.2%, and £6.5m (6.8% at AER; HY1 2018: 3.7%; 2017: 12.3%).

Gross profit

The Group's gross margin of 30.5% means we have remained a comfortable 50bps above our long held, but only recently achieved, 30.0% target (2017: 31.1%).

The expected gross margin decrease from prior year is primarily from our European operations. This is most specifically within our Italian business where, as previously reported, the impact of purchase cost increases in the second half of 2017 have continued into 2018. In addition to this, there was a planned increase in fixed production costs as we invest in manufacturing capacity to support future growth. Positive margin movements in other parts of our European business have helped to offset the effect of this, reducing the overall gross margin fall in the region to (150) bps.

In the UK, gross margins have held steady with the net impact of purchase price inflation, following the protracted weakness of sterling, having been relatively modest to date.

Whilst in Asia, gross margins have also remained consistent, as growth driven production cost benefits have helped to successfully offset the impact of e-bidding pricing pressures at one of our key electronics multinational OEMs.

In the US, gross margins have fallen by 560bps as the result of product mix changes and an increased focus on the automotive sector. The negative impact of this has been exaggerated in 2018 by reduced sales volumes due to Hurricane Harvey as well as one-off set-up costs, relating to the start of production for one of the region's biggest automotive customers.

Underlying operating margin

Underlying operating margins have remained broadly in line, up 10bps to 11.4% (11.5% at AER, 2017: 11.3%). This reflects strong cost control at overhead level in a period of growth, offsetting the gross margin reduction and generating an overall increase in underlying operating profit of 5.1% to £22.1m (AER: up 8.1% to £22.7m).

In Europe, the underlying operating margin has reduced by 230bps to 12.2% (12.3% AER, 2017: 14.5%) largely as the result of the gross margin movements noted above. Whilst additional overhead spend has mainly been incurred to support our new greenfield site in Spain. With sales invoicing now firmly underway and a strong pipeline of opportunities, *TR* Espana remains a very exciting area of organic growth for us.

Offsetting the reduction in Europe, we have seen a 210bps underlying operating margin increase in our UK region to 11.5% (2017: 9.4%), reflecting the benefits of ongoing revenue growth over a semi-fixed cost base and good cost control.

In Asia, margins have remained consistent at 14.7% (14.7% at AER, 2017: 14.9%). The benefits of increased sales have been largely offset by a £(0.4)m foreign exchange loss on translation of the balance sheet due to the recent weakening of the US$ (2017: loss of £(0.2)m). In conjunction with additional overhead investments in the region to support ongoing growth, not least of which is the new warehouse and inspection facilities at our Shanghai location, opened in November 2017.

In our small, but fastest growing region, the USA, decreased gross margins have fed directly down to underlying operating profit level. However, as in prior periods, low underlying operating margins continue to be expected in this region given the level of investments for future growth being made here.

Net financing costs (at AER)

Interest costs remain at £0.5m (2017: £0.5m) reflecting a broadly consistent average gross debt balance of around £30m year-on-year, to support our ongoing investments for growth.

Taxation (at AER)

The 2018 effective tax rate ("ETR") of 18.5% is significantly lower than our underlying 2018 ETR of 23.3%.

The main reason for this difference is due to the finalisation of a fully provided historic tax position in the UK relating to a combination of EU loss relief claims (£0.6m) for losses made in the run up to the closure of *TR* France in 2007 and EU dividend relief claims (£0.6m) to cover dividends paid up to *Trifast* plc between the years of 2007 to 2009. The provision in the accounts at 31 March 2017 was £1.2m whereas the final settlement agreed on 7 September 2017 was £0.3m, leading to a prior year corporation tax adjustment of £0.9m.

Due to the size and the nature of this amount we have removed the impact of this from our underlying ETR (see note 6).

The underlying ETR has remained in line at 23.3% (2017: 23.6%). Subject to future tax changes and excluding prior year adjustments, our underlying ETR is expected to remain in the range of *c*.23-25% going forward.

Net debt
Our net debt position increased by £1.0m to £7.4m (2017: £6.4m). Some £1.2m of this increase is due to the payment out of cash held specifically at 31 March 2017 to settle the national insurance and income tax payments relating to the Chairman, Malcolm Diamond's, exercise of 1,000,000 share options on 17 February 2017.

Capital expenditure of £3.6m (net of £0.1m paid in April 2018) in the period (2017: £2.9m) supports the Board's ongoing investment in the business, most specifically within our manufacturing sites, with the most significant additional capacity project in the final stages of completion in Singapore via the construction of a new mezzanine floor.

In addition, £3.4m has also been used to acquire 1,500,000 5p ordinary shares on the open market via the *Trifast* EBT.

In February 2018, we received an additional cash inflow relating to the successful disposal of our second property in PSEP, Malaysia. This office building had been rented out to the same automotive Tier 1 company since before our acquisition of PSEP in 2011. In August 2017, the property was vacated and as we retained no ongoing commercial requirement for the additional space, a decision was made to sell. The profit of £0.6m and the net proceeds of £1.6m generated on disposal have been shown outside of our underlying results (see note 2), but have impacted positively on our year end net debt position.

Although our cash is held across a number of currencies around the world, our gross debt continues to be held predominantly in Euro and this has led to a £1.3m net increase in net debt mainly from the relative strengthening of the Euro in the period.

Outside of these movements, as expected our cash generation has reduced with a conversion rate of underlying EBITDA to underlying cash of 68.1% (FY2017: 97.3%). Our investment in gross stock in the period includes an extra £2.5m to normalise the very low position we ended 2017 on. Without the impact of this, our conversion rate of underlying EBITDA to underlying cash would be higher at 78.2%.

Return on capital employed (at AER)
As at 31 March 2018, the Group's shareholders' equity had increased to £110.3m (2017: £101.7m). This £8.6m movement is made up of retained earnings of £13.3m, net of own shares held by the EBT of £(3.4)m, share issues totalling £0.2m and a foreign exchange reserve loss of £(1.5)m which arose due to a relative strengthening of sterling against the US$ and our key Asian currencies in the financial year.

Over this increased asset base, our very strong trading performance has led to a higher underlying ROCE of 20.1% (2017: 19.9%).

Banking facilities
As at 31 March 2018 the headroom on our banking facility was £24.0m (2017: £18.9m). The reason for this marked increase is that on 20 February 2018 and in preparation for the acquisition of Precision Technology Supplies ('PTS') on 4 April 2018, we requested the release of £11.0m from our Accordion facility with HSBC.

We continue to have access to a residual Accordion facility of £9.0m within our Group banking facilities. This provides a degree of potential flexibility to debt finance future acquisitions and further investments as required.

However, following on from the successful acquisition of PTS in April 2018 and given our significant investment plans under Project Atlas into our Group business platform, we have already started discussions to secure access to additional funds and thereby maintain an appropriate degree of funding flexibility. This process will be ongoing over the coming months.

Investment
Ongoing and future investment plans

As a Group, we continue to invest in our operations around the world to support our ongoing growth story.

In manufacturing, our capital expenditure plans will continue to increase capacity, most noticeably at both our Italian and Singaporean sites. This will reduce our per-part production costs by bringing more manufacturing in-house in the future.

On the distribution side of the business, we have already expanded warehousing capacity in Shanghai and Northern Ireland to support the strong growth we are seeing in both of these markets. In 2019 we will see further targeted expansions in some of our other high growth sites, including Holland. Moving into our new site in the USA in April 2018, represents one of our biggest warehousing investments in recent years. This has increased capacity significantly, to not only better support existing trading levels following a CAGR of 16% over the last five years, but also to future proof the business for further growth.

In Europe, we will continue to invest into our rapidly expanding greenfield distribution site in Spain. Whilst the successful setup in November 2017 of a *TR* Innovation and Technical Centre situated in the heart of Sweden's electric vehicle development area, Lindholmen, Gothenburg, is already helping to develop our presence in this important developing market.

Complementing all the above, we are continuing to invest in both our global and local sales resources and supporting teams, with specific plans for 2019 already approved for Holland, Shanghai, Germany and the USA.

ATLAS

Project Atlas

"AN INVESTMENT THAT WILL UNDERPIN OUR ONGOING ORGANIC AND ACQUISITIVE GROWTH STRATEGY AND FURTHER INTEGRATE OUR GLOBAL BUSINESS TO CREATE THE TRIFAST OF TOMORROW."

As a business, we have been successfully investing for growth in a number of areas over the last few years. And whilst that investment has focused to date on increasing our manufacturing capabilities and supporting our ongoing organic distribution growth, it has become more and more apparent over that time that one area where we also need to turn our attention to, is in developing our MIS, IT infrastructure and the underlying business processes that stand alongside it.

This is not only to ensure that our systems are able to continue to support our planned business growth long into the future, but also to future proof the business and give us the opportunity to take full advantage of the significant pace of development that has been made in digital technologies in recent years.

As a result, over the course of FY2018 we have been on a journey of research and discovery. This process started with a consideration of how we could best join up our global sales and enquiry processes to support the other investments we have been making into this area of the business but has subsequently led to a more complete review of our Enterprise Resource Planning processes and systems around the world.

The result of this comprehensive review is Project Atlas, a significant planned investment into the integration and development of the Group's business platform and underlying processes. This project is considered an essential part of our ongoing growth plans, both organic and acquisitive, and will allow us to continue to meet the evolving needs of our multinational OEM customers.

The four key drivers for this investment are:

1. Supporting our core strategy – underpinning our ongoing growth plans and allowing us to differentiate ourselves in our core markets
2. Operational efficiencies and integration – driving efficiency gains, increased automation and lowering operational gearing to support our ongoing growth story
3. Improving our management information and data management – leading to better decision making, more globalised supplier management and a more proactive approach to opportunities and challenges
4. Building an adaptable, scalable, stable environment – flexible, rapidly deployable and widely supported systems and processes that will form the backbone of our growing global business

HIGH LEVEL COST-BENEFIT ANALYSIS

This project clearly represents a major multi-year organic investment programme for *Trifast* and after the necessary consideration, the Board has signed off on a budget of up to £15m. Given the scale and complexity of the programme, this budget will be closely monitored and may be subject to change as we further develop and refine the scope and timings of this investment.

As already noted, this project is about far more than an IT platform, with this element representing only about a third of the overall cost. A significant portion of the budgeted spend has been assigned to a comprehensive review and redesign of our business processes which in turn will drive improvements in our operating and commercial effectiveness. In addition, we are planning a substantial investment in change management, training and user adoption to ensure our people are ready to adopt and deliver the expected benefits.

Projects of this nature often fail as a result of a focus on the 'IT box' and an inadequate regard for the importance of bringing users fully on board. At *Trifast*, we see this investment as being as much about our people as our processes and therefore have assigned a significant portion of the budget to this. This will help to ensure not only the ongoing success and benefit realisation of the project but will also assist in bringing our Group-wide businesses closer together.

The Board expects there to be material benefits from the investment programme. The estimated ROI of over 25% p.a. at the point of full benefit realisation (FY2023), compares favourably to our current ROCE of 20.1% and we are confident that this project has the ability to create significant shareholder value in its own right as well as creating the capacity for our expected ongoing growth.

As a consequence of the work undertaken to date on this project, we have incurred direct costs of £0.4m in FY2018, largely relating to project team and consultancy costs. We have excluded these costs from our underlying results, (see note 2), to reflect the unusual scale and one-off nature of this project. We anticipate continuing to do so in order to provide shareholders with a better understanding of our underlying trading performance during this period of significant investment.

PRECISION TECHNOLOGY SUPPLIES
Stainless Steel Industrial Fastenings & Precision Turned Parts
www.pts-uk.com

Acquisitions

We were delighted to announce the acquisition of PTS on 4 April 2018. Being able to successfully acquire such a high quality, growing operation in a complementary part of the market was a key win for us and we look forward to reporting back on the joint successes that we expect to follow.

Our newly established internal acquisitions structure and team will continue to drive our ongoing proactive and reactive activities in this area. This will be supported by the use of external expertise, where appropriate, to improve our access to key acquisition geographies.

Outlook

As expected, 2018 has delivered another year of strong growth, with ongoing investment across all our regions. This, together with a robust balance sheet, good banking relationships and access to facilities as well as a proven track record of profitable investment, means the Group is in a great position to keep moving forward.

The current year has started well, with a robust pipeline in place, and the Board remains confident of delivering on its expectations.

There are, of course, some risks that we cannot fully control. Competitive pricing pressures are, and always have been, a factor in our industry, but by focusing on being a distributor and manufacturer of specialist industrial fastenings, we are better protected from some of the volatilities of the market. However, we are not always immune from the behaviour that certain parts of the industry periodically employ and whilst we are currently in a period of sustained growth across all of our sectors, ultimately, we remain susceptible on some level to the underlying success of our key strategic accounts.

As ever, wider macroeconomic factors continue to exist that we cannot fully mitigate, including the ongoing volatility in the foreign currency and raw materials markets, the expected wash through of input cost pressures in the UK due to the protracted weakness of sterling, as well as the wider potential implications of Brexit on our business and the UK economy.

Notwithstanding the above, as an international business with over 70% of our revenues now being generated outside of the UK, and a very well-balanced geographical and sector spread, the Board remains confident we will continue to have the flexibility and foresight to carry on successfully investing for growth, while facing any challenges head on as and when they arise.

Mark Belton
Chief Executive Officer
Clare Foster
Chief Financial Officer

Trifast **plc**

11 June 2018

Consolidated income statement

for the year ended 31 March 2018

	Note	**2018 £000**	2017 £000
Continuing operations			
Revenue	3	**197,632**	186,512
Cost of sales		**(137,386)**	(128,495)
Gross profit		**60,246**	58,017
Other operating income	4	**467**	395
Distribution expenses		**(4,068)**	(3,964)
Administrative expenses before separately disclosed items		**(33,932)**	(33,430)
IFRS2 charge	2	**(2,194)**	(1,512)
Acquired intangible amortisation	2	**(1,363)**	(1,273)
Net acquisition costs	2	**(110)**	—
Project Atlas	2	**(375)**	—
Profit on sale of fixed assets	2	**556**	195
Costs on exercise of executive share options	2	**(244)**	(567)
Total administrative expenses		**(37,662)**	(36,587)
Operating profit	5	**18,983**	17,861
Financial income		**60**	60
Financial expenses		**(540)**	(581)
Net financing costs		**(480)**	(521)
Profit before taxation	2,3	**18,503**	17,340
Taxation	6	**(3,417)**	(4,642)
Profit for the year (attributable to equity shareholders of the Parent Company)		**15,086**	12,698
Earnings per share			
Basic	14	**12.54p**	10.72p
Diluted	14	**12.20p**	10.40p

Consolidated statement of comprehensive income

for the year ended 31 March 2018

	2018 £000	2017 £000
Profit for the year	**15,086**	12,698
Other comprehensive (expense)/income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(846)**	8,486
Loss on a hedge of a net investment taken to equity	**(680)**	(2,155)
Other comprehensive (expense)/income recognised directly in equity	**(1,526)**	6,331
Total comprehensive income recognised for the year		
(attributable to the equity shareholders of the Parent Company)	**13,560**	19,029

Consolidated statement of changes in equity

for the year ended 31 March 2018

	Share capital £000	Share premium £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2017	**6,014**	**21,378**	—	**14,900**	**59,406**	**101,698**
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	**15,086**	**15,086**
Other comprehensive income for the year	—	—	—	**(1,526)**	—	**(1,526)**
Total comprehensive income recognised for the year	—	—	—	**(1,526)**	**15,086**	**13,560**
Issue of share capital	**54**	**201**	—	—	**(41)**	**214**
Share based payment transactions (including tax)	—	—	—	—	**2,472**	**2,472**
Own shares acquired	—	—	**(3,437)**	—	—	**(3,437)**
Dividends (note 12)	—	—	—	—	**(4,218)**	**(4,218)**
Total transactions with owners	**54**	**201**	**(3,437)**	—	**(1,787)**	**(4,969)**
Balance at 31 March 2018	**6,068**	**21,579**	**(3,437)**	**13,374**	**72,705**	**110,289**

Consolidated statement of changes in equity

for the year ended 31 March 2017

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2016	5,837	21,161	8,569	48,183	83,750
Total comprehensive income for the year:					
Profit for the year	—	—	—	12,698	12,698
Other comprehensive income for the year	—	—	6,331	—	6,331
Total comprehensive income recognised for the year	—	—	6,331	12,698	19,029
Issue of share capital	177	217	—	(53)	341
Share based payment transactions (including tax)	—	—	—	1,888	1,888
Dividends (note 12)	—	—	—	(3,310)	(3,310)
Total transactions with owners	177	217	—	(1,475)	(1,081)
Balance at 31 March 2017	6,014	21,378	14,900	59,406	101,698

Company statement of changes in equity

for the year ended 31 March 2018

	Share capital £000	Share premium £000	Own shares held £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2017	**6,014**	**21,378**	—	**1,521**	**19,222**	**48,135**
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	**4,677**	**4,677**
Total comprehensive income recognised for the year	—	—	—	—	**4,677**	**4,677**
Issue of share capital	**54**	**201**	—	—	**(41)**	**214**
Share based payment transactions (including tax)	—	—	—	—	**2,213**	**2,213**
Own shares acquired	—	—	**(3,437)**	—	—	**(3,437)**
Dividends (note 12)	—	—	—	—	**(4,218)**	**(4,218)**
Total transactions with owners	**54**	**201**	**(3,437)**	—	**(2,046)**	**(5,228)**
Balance at 31 March 2018	**6,068**	**21,579**	**(3,437)**	**1,521**	**21,853**	**47,584**

Company statement of changes in equity

for the year ended 31 March 2017

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2016	5,837	21,161	1,521	16,013	44,532
Total comprehensive income for the year:					
Profit for the year	—	—	—	4,814	4,814
Total comprehensive income recognised for the year	—	—	—	4,814	4,814
Issue of share capital	177	217	—	(53)	341
Share based payment transactions (including tax)	—	—	—	1,758	1,758
Dividends (note 12)	—	—	—	(3,310)	(3,310)
Total transactions with owners	177	217	—	(1,605)	(1,211)
Balance at 31 March 2017	6,014	21,378	1,521	19,222	48,135

Statements of financial position

at 31 March 2018

	Note	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Non-current assets					
Property, plant and equipment		**20,013**	19,258	**2,493**	2,574
Intangible assets		**38,401**	39,682	—	—
Equity investments		—	—	**41,440**	41,440
Deferred tax assets		**2,355**	2,359	**767**	685
Total non-current assets		**60,769**	61,299	**44,700**	44,699
Current assets					
Inventories	7	**49,199**	41,926	—	—
Trade and other receivables	8	**52,466**	49,360	**33,257**	31,382
Cash and cash equivalents	9	**26,222**	24,645	**477**	2,587
Total current assets		**127,887**	115,931	**33,734**	33,969
Total assets	3	**188,656**	177,230	**78,434**	78,668
Current liabilities					
Other interest-bearing loans and borrowings	10	**21,912**	14,872	**17,393**	11,077
Trade and other payables	11	**38,697**	37,145	**2,429**	4,362
Tax payable		**1,811**	2,471	—	—
Provisions		**76**	76	—	—
Total current liabilities		**62,496**	54,564	**19,822**	15,439
Non-current liabilities					
Other interest-bearing loans and borrowings	10	**11,741**	16,221	**10,896**	14,930
Provisions		**845**	1,111	—	—
Deferred tax liabilities		**3,285**	3,636	**132**	164
Total non-current liabilities		**15,871**	20,968	**11,028**	15,094
Total liabilities	3	**78,367**	75,532	**30,850**	30,533
Net assets		**110,289**	101,698	**47,584**	48,135
Equity					
Share capital		**6,068**	6,014	**6,068**	6,014
Share premium		**21,579**	21,378	**21,579**	21,378
Own shares held		**(3,437)**	—	**(3,437)**	—
Reserves		**13,374**	14,900	**1,521**	1,521
Retained earnings		**72,705**	59,406	**21,853**	19,222
Total equity		**110,289**	101,698	**47,584**	48,135

These financial statements were approved by the Board of Directors on 11 June 2018.

Statements of cash flows

for the year ended 31 March 2018

	Note	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash flows from operating activities					
Profit for the year		**15,086**	12,698	**4,677**	4,814
Adjustments for:					
Depreciation, amortisation and impairment		**3,300**	3,123	**87**	76
Unrealised foreign currency (gain)/loss		**(66)**	165	—	—
Financial income		**(60)**	(60)	**(12)**	(28)
Financial expense		**540**	581	**397**	350
Gain on sale of property, plant and equipment and investments		**(560)**	(184)	—	
Dividends received		—	—	**(9,494)**	(10,814)
Equity settled share based payment charge		**2,107**	1,512	**989**	1,145
Taxation charge		**3,417**	4,642	—	402
Operating cash inflow/(outflow) before changes in working capital and provisions		**23,764**	22,477	**(3,356)**	(4,055)
Change in trade and other receivables		**(2,536)**	(3,075)	**(91)**	4,653
Change in inventories		**(7,674)**	(273)	—	—
Change in trade and other payables		**1,677**	3,764	**(1,934)**	(1,361)
Change in provisions		**(266)**	(6)	—	—
Cash generated from/ (used in) operations		**14,965**	22,887	**(5,381)**	(763)
Tax paid		**(4,849)**	(5,136)	—	—
Net cash from/ (used in) operating activities		**10,116**	17,751	**(5,381)**	(763)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**1,650**	198	—	—
Interest received		**61**	60	**12**	26
Acquisition of subsidiary, net of cash acquired		—	(1,471)	—	—
Acquisition of property, plant and equipment and intangibles		**(3,566)**	(2,948)	**(6)**	(288)
Dividends received		—	—	**9,494**	10,814
Net cash (used in)/from investing activities		**(1,855)**	(4,161)	**9,500**	10,552
Cash flows from financing activities					
Proceeds from the issue of share capital		**214**	341	**214**	341
Purchase of own shares		**(3,437)**	—	**(3,437)**	—
Proceeds from new loan		**5,542**	2,236	**4,854**	2,100
Repayment of borrowings		**(3,773)**	(7,030)	**(3,245)**	(5,120)
Proceeds/(payment) from finance leases		**66**	(6)	—	—
Dividends paid		**(4,218)**	(3,310)	**(4,218)**	(3,310)
Interest paid		**(540)**	(581)	**(397)**	(346)
Net cash used in financing activities		**(6,146)**	(8,350)	**(6,229)**	(6,335)
Net change in cash and cash equivalents		**2,115**	5,240	**(2,110)**	3,454
Cash and cash equivalents at 1 April	9	**24,645**	17,581	**2,587**	(867)
Effect of exchange rate fluctuations on cash held		**(538)**	1,824	—	—
Cash and cash equivalents at 31 March	9	**26,222**	24,645	**477**	2,587

NOTES TO THE PRELIMINARY STATEMENT

1. Preparation of the preliminary statement

The preliminary results announcement for the year ended 31 March 2018 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 11 June 2017.

2. Underlying profit before tax and separately disclosed items

	Note	**2018 £000**	2017 £000
Underlying profit before tax		**22,233**	20,497
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge		**(2,194)**	(1,512)
Acquired intangible amortisation		**(1,363)**	(1,273)
Net acquisition costs	13	**(110)**	—
Project Atlas		**(375)**	—
Profit on sale of fixed assets		**556**	195
Costs on exercise of executive share options		**(244)**	(567)
Profit before tax		**18,503**	17,340

	Note	**2018 £000**	2017 £000
Underlying EBITDA		**24,650**	22,868
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge		**(2,194)**	(1,512)
Net acquisition costs	13	**(110)**	—
Project Atlas		**(375)**	—
Profit on sale of fixed assets		**556**	195
Costs on exercise of executive share options		**(244)**	(567)
EBITDA		**22,283**	20,984
Acquired intangible amortisation		**(1,363)**	(1,273)
Depreciation and non-acquired amortisation		**(1,937)**	(1,850)
Operating profit		**18,983**	17,861

There were no separately disclosed items in 2018 (2017: £nil) other than the amounts detailed above.

Recurring items

During the period the IFRS2 charge increased due to Senior Manager deferred bonus shares being included in the results for a full year, offset by a lower charge for Director shares due to the grant date for the new LTIP structure being later in the year (30 September 2017). £0.7m (2017: £1.1m) relates to the Board deferred equity bonus scheme of which £0.2m (2017: £0.1m) relates to retiring Directors. £0.2m (2017: £nil) relates to the new LTIP structure for the Directors. £1.1m (2017: £0.3m) represents the charge for the Deferred Bonus Award scheme for senior managers. The remaining £0.2m (2017: £0.1m) relates to the SAYE scheme.

Acquired intangible amortisation has remained in line with prior year.

During the year, the 2014 Board deferred equity bonus shares were exercised, and the Company incurred £0.2m of employer's National Insurance in relation to these exercises. Last year, the remaining 2m options granted under the 2009 executive share option and the accelerated 2014, 2015 and 2016 Deferred Equity Bonus awards were exercised resulting in the Company incurring £0.6m of employer's National Insurance.

Event driven/one-off items

Net acquisition costs of £0.1m (2017: £nil) were incurred ahead of year end in relation to the acquisition of PTS on 4 April 2018.

Project Atlas is a multi-year investment into our IT infrastructure and underlying business processes, budgeted to cost up to £15.0m. As a consequence of the work undertaken to date on this project, we have incurred direct costs of £0.4m in FY2018, largely relating to project team and consultancy costs. We have excluded these costs from our underlying results, to reflect the unusual scale and one-off nature of this project. We anticipate continuing to do so in order to provide shareholders with a better understanding of our underlying trading performance during this period of investment. This will happen as a combination of capital expenditure and separately disclosed items, dependent on accounting convention.

A factory, previously rented to an automotive Tier 1 company, in PSEP was sold during the year for £1.7m, generating a profit of £0.6m. Last year, obsolete plant and machinery was sold in our Italian manufacturing company Viteria Italia Centrale ("VIC"). The sales price and profit recorded on this sale was £0.2m.

Management feel it is appropriate to remove the one-off costs and certain non-trading items discussed above to better allow the reader of the accounts to understand the underlying performance of the Group.

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 assets acquired on business combinations are included in the region to which they relate.

Geographical operating segments

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

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

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

March 2018	**UK £000**	**Europe £000**	**USA £000**	**Asia £000**	**Common costs £000**	**Total £000**
Revenue						
Revenue from external customers	**70,286**	**72,721**	**6,271**	**48,354**	—	**197,632**
Inter segment revenue	**2,689**	**938**	**162**	**8,838**	—	**12,627**
Total revenue	**72,975**	**73,659**	**6,433**	**57,192**	—	**210,259**
Underlying operating result	**8,410**	**9,085**	**52**	**8,426**	**(3,260)**	**22,713**
Net financing costs	**(100)**	**(52)**	—	**55**	**(383)**	**(480)**
Underlying segment result	**8,310**	**9,033**	**52**	**8,481**	**(3,643)**	**22,233**
Separately disclosed items (see note 2)						**(3,730)**
Profit before tax						**18,503**
Specific disclosure items						
Depreciation and amortisation	**267**	**1,713**	**17**	**1,215**	**88**	**3,300**
Assets and liabilities						
Segment assets	**44,561**	**75,729**	**3,788**	**60,392**	**4,186**	**188,656**
Segment liabilities	**(19,350)**	**(16,211)**	**(408)**	**(11,592)**	**(30,806)**	**(78,367)**

March 2017	UK £000	Europe £000	USA £000	Asia £000	Common costs £000	Total £000
Revenue						
Revenue from external customers	66,825	67,231	5,900	46,556	—	186,512
Inter segment revenue	2,443	613	123	7,262	—	10,441
Total revenue	69,268	67,844	6,023	53,818	—	196,953
Underlying operating result	6,538	9,818	334	8,005	(3,677)	21,018
Net financing costs	(145)	(73)	—	20	(323)	(521)
Underlying segment result	6,393	9,745	334	8,025	(4,000)	20,497
Separately disclosed items (see note 2)						(3,157)
Profit before tax						17,340
Specific disclosure items						
Depreciation and amortisation	423	1,626	25	973	76	3,123
Assets and liabilities						
Segment assets	40,348	68,289	3,742	58,876	5,975	177,230
Segment liabilities	(19,535)	(13,689)	(294)	(11,581)	(30,433)	(75,532)

There were no material differences in Europe and USA between the external revenue based on location of the entities and the location of the customers. Of the UK external revenue £14.9m (2017: £11.3m) was sold into the European market. Of the Asian external revenue, £4.7m (2017: £4.6m) was sold into the American market and £5.9m (2017: £5.5m) 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

	2018 £000	2017 £000
Rental income received from freehold properties	**57**	152
Other income	**410**	243
	467	395

5. Expenses and auditor's remuneration

Included in profit for the year are the following:

	2018 £000	2017 £000
Depreciation and non-acquired amortisation	**1,937**	1,850
Amortisation of acquired intangibles	**1,363**	1,273
Operating lease expense	**3,302**	2,529
Net foreign exchange loss/(gain)	**420**	(46)
Project Atlas (IT and business processes)	**375**	—
Gain on disposal of fixed assets	**(560)**	(184)

For more details on Project Atlas see note 2.

Auditor's remuneration:

	2018 £000	2017 £000
Audit of these financial statements	**66**	38
Audit of financial statements of subsidiaries pursuant to legislation	**225**	222
Taxation compliance services	**15**	15
Other assurance services	**29**	28
Other services relating to transaction services	**30**	—

6. Taxation

Recognised in the income statement	2018 £000	2017 £000
Current UK tax expense:		
Current year	**597**	520
Adjustments for prior years	**(983)**	(8)
	(386)	512
Current foreign tax expense:		
Current year	**4,186**	4,756
Adjustments for prior years	**(35)**	(138)
	4,151	4,618
Total current tax	**3,765**	5,130
Deferred tax expense:		
Origination and reversal of temporary differences	**(281)**	(454)
Reduction in tax rates	**(47)**	—
Adjustments for prior years	**(20)**	(34)
Deferred tax income	**(348)**	(488)
Tax in income statement	**3,417**	4,642

Tax recognised directly in equity	2018 £000	2017 £000
Current tax recognised directly in equity — IFRS2 share based tax credit	**(239)**	(522)
Deferred tax recognised directly in equity — IFRS2 share based tax (credit)/charge	**(127)**	130
Total tax recognised in equity	**(366)**	(392)

6. Taxation *(continued*

Reconciliation of effective tax rate ('ETR') and tax expense	**2018 £000**	**ETR %**	2017 £000	ETR %
Profit for the period	**15,086**		12,698	
Tax from continuing operations	**3,417**		4,642	
Profit before tax	**18,503**		17,340	
Tax using the UK corporation tax rate of 19% (2017: 20%)	**3,516**	**19**	3,468	20
Tax suffered on dividends	**319**	**2**	264	2
Retention tax	**—**	**—**	102	1
Non-deductible expenses	**222**	**1**	190	1
Tax incentives	**(82)**	**—**	(274)	(2)
Non-taxable receipts	**(100)**	**(1)**	—	—
IFRS2 share option (credit)/charge	**53**	**—**	(1)	—
Deferred tax assets not recognised	**107**	**1**	511	3
Different tax rates on overseas earnings	**467**	**2**	540	3
Adjustments in respect of prior years	**(1,038)**	**(6)**	(180)	(1)
Tax rate change	**(47)**	**—**	22	—
Total tax in income statement	**3,417**	**18**	4,642	27

Reductions in the UK tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. Deferred tax has been calculated based on these enacted rates.

The tax rate change in Italy (IRES reduced from 27.5% to 24%) has reduced our tax charge by £0.2m, whilst due to brought forward losses the tax rate change in the USA (federal tax rate reduced from 34% to 21%) has increased our tax charge by £0.2m.

During the year the open tax enquiry was settled for £0.3m. This resulted in a £0.9m release of the £1.2m provision on the balance sheet at 31 March 2017. The amount recognised in the Company financial statements is £nil (2017: £nil).

7. Inventories — Group

	2018 £000	2017 £000
Raw materials and consumables	**5,284**	4,903
Work in progress	**1,856**	1,972
Finished goods and goods for resale	**42,059**	35,051
	49,199	41,926

In 2018, inventories of £125.0m (2017: £115.5m) were recognised as an expense during the year and included in cost of sales. Inventories have been written down by £0.8m in the year (2017: £1.7m) in line with the Group's stock provisioning policy. Such write-downs were recognised as an expense during 2018. No significant specific stock provisions have been reversed in the year.

No inventories are pledged as security for liabilities.

The carrying amount of inventories carried at fair value less costs to sell is £0.8m (2017: £0.6m).

8. Trade and other receivables

	Group		**Company**	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Trade receivables	**47,984**	47,497	—	—
Non-trade receivables and prepayments	**4,482**	1,863	**306**	183
Amounts owed by subsidiary undertakings	—	—	**32,951**	31,199
	52,466	49,360	**33,257**	31,382

An explanation of credit risk and details of the security held over receivables will be provided in the 2018 Annual Report

9. Cash and cash equivalents/bank overdrafts

	Group		**Company**	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Cash and cash equivalents per Statements of financial position	**26,222**	24,645	**477**	2,587
Bank overdrafts per Statements of financial position	—	—	—	—
Cash and cash equivalents per Statements of cash flows	**26,222**	24,645	**477**	2,587

10. Other interest-bearing loans and borrowings

This note provides information about the Group and Company's existing interest-bearing loans and borrowings. For more information about the security provided by the Group and Company over loans or the Group and Company's exposure to interest rate, foreign currency and liquidity risk, further details will be contained in the Annual Report.

			Current		Non-current	
			2018	2017	**2018**	2017
Initial loan value	**Rate**	**Maturity**	**£000**	£000	**£000**	£000
Group						
Asset based lending	Base + 1.49%	—	**3,968**	3,280	—	—
VIC unsecured loan	EURIBOR + 1.95%	2020	**528**	513	**792**	1,283
Finance lease liabilities	Various	2018-19	**23**	2	**53**	8
Group and Company						
Facility A VIC acquisition loan	EURIBOR + 1.50%	2021	**4,398**	3,208	**8,796**	12,830
Facility B Revolving Credit Facility	LIBOR/ EURIBOR + 1.50%	2019/2021	**12,995**	7,869	—	—
Property Loan	LIBOR + 1.25%	2021	—	—	**2,100**	2,100
Total Group			**21,912**	14,872	**11,741**	16,221
Total Company			**17,393**	11,077	**10,896**	14,930

11. Trade and other payables

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade payables	**21,400**	19,302	—	—
Amounts payable to subsidiary undertakings	—	—	**325**	954
Non-trade payables and accrued expenses	**15,396**	15,322	**1,979**	2,073
Other taxes and social security	**1,901**	2,521	**125**	1,335
	38,697	37,145	**2,429**	4,362

12. Dividends

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

	2018	2017
	£000	£000
Final paid 2017 — 2.50p (2016: 2.00p) per qualifying ordinary share	**3,015**	2,376
Interim paid 2017 — 1.00p (2016: 0.80p) per qualifying ordinary share	**1,203**	934
	4,218	3,310

After the balance sheet date, a final dividend of 2.75p per qualifying ordinary share (2017: 2.50p) was proposed by the Directors and an interim dividend of 1.10p (2017: 1.00p) was paid in April 2018.

	2018	2017
	£000	£000
Final proposed 2018 — 2.75p (2017: 2.50p) per qualifying ordinary share	**3,296**	3,007
Interim paid 2018 — 1.10p (2017: 1.00p) per qualifying ordinary share	**1,319**	1,203
	4,615	4,210

Subject to Shareholder approval at the Annual General Meeting which is to be held on 25 July 2018, the final dividend will be paid on 12 October 2018 to Members on the register at the close of business on 14 September 2018. The ordinary shares will become ex-dividend on 13 September 2018.

13. Acquisition of Precision Technology Supplies Limited ('PTS')

On 4 April 2018, the Group acquired PTS for an initial consideration of £8.5m, subject to adjustment based on the net cash in the business at completion. The initial amount was paid on completion in cash. Contingent consideration of up to £2.5m in cash is based on the achievement of significant earn out targets and will be deferred for 12 months. The targets require PTS to achieve a minimum adjusted PAT for FY2019 to receive a further £0.5m consideration. Then for every £1 of adjusted PAT in excess of the minimum an extra £3.77 will be payable subject to a maximum of £2.0m. This contingent consideration will also serve as a retention against which any potential warranty and indemnity claims can be offset at the end of the earn out period. The cash consideration has been met from the Company's existing bank facilities via a drawdown of part of the Accordion facility with HSBC.

Based in East Grinstead, UK, PTS was founded in 1988 and employs 27 staff. It is a highly regarded distributor of stainless steel industrial fastenings and precision turned parts, primarily to the electronics, medical instruments, petrochemical, defence and robotics sectors. Its emphasis is on delivering high quality products and services, currently selling into *c*.80 countries directly through its well-established distributor network, as well as digitally through its newly developed, fully integrated commercial website which lists over 43,000 products for sale. This approach has enabled PTS to continue to deliver strong sales growth over the last three years.

For the year ended 31 March 2017, PTS reported revenue of £5.1m and profit before tax of £0.7m. Gross assets at that date were £3.6m. These figures were not audited.

TR has experienced a growing demand for stainless steel fastenings from a number of our global OEM customers. Adding the PTS product portfolio will widen our global stock range to enhance our customer offering and provide further support to our distributor sales (currently *c*10% of Group revenue).

As the acquisition completed so close to 31 March 2018, a full fair value exercise is still to be completed and therefore, the amounts disclosed below are given for information purposes only. The fair value exercise will be completed as part of the completion accounts process and updated consolidated values will be disclosed in the Half-Yearly Report for the period ending 30 September 2018.

	£000
Property, plant and equipment	253
Intangible assets	4,816
Inventories	2,417
Trade and other receivables	1,324
Cash and cash equivalents	632
Trade and other payables	(1,218)
Deferred tax liabilities	(861)
Net identifiable assets and liabilities	7,363
Consideration paid:	
Initial cash price paid	8,781
Contingent consideration at fair value	598
Total consideration	9,379
Goodwill on acquisition	2,016

Intangible assets that arose on the acquisition include the following:

- £3.7m of customer relationships, with an amortisation period deemed to be 15 years
- £1.1m of other intangibles, with an amortisation period deemed to be under 12 years

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 PTS and the Group, and PTS's assembled workforce.

Effect of acquisition

The Group incurred costs of £0.2m up to 31 March 2018 in relation to the PTS acquisition of which £0.1m have been included in administrative expenses in the Group's consolidated statement of comprehensive income and form part of separately disclosed items, (see note 2). The remaining £0.1m relates to the arrangement fee to drawdown part of the Accordion facility and this is recognised on the balance sheet and will be expensed to the consolidated statement of comprehensive income over the term of the facility.

14. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2018 was based on the profit attributable to ordinary shareholders of £15.1m (2017: £12.7m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2018 of 120,313,586 (2017: 118,493,886), calculated as follows:

Weighted average number of ordinary shares

	2018	2017
Issued ordinary shares at 1 April	**120,294,486**	116,747,887
Effect of shares issued/purchased	**19,100**	1,745,999
Weighted average number of ordinary shares at 31 March	**120,313,586**	118,493,886

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2018 was based on profit attributable to ordinary shareholders of £15.1m (2017: £12.7m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2018 of 123,678,854 (2017: 122,143,769), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2018	2017
Weighted average number of ordinary shares at 31 March	**120,313,586**	118,493,886
Effect of share options on issue	**3,365,268**	3,649,883
Weighted average number of ordinary shares (diluted) at 31 March	**123,678,854**	122,143,769

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

		2018 EPS			2017 EPS	
EPS (total)	Earnings £000	Basic	Diluted	Earnings £000	Basic	Diluted
Profit after tax for the financial year	**15,086**	**12.54p**	**12.20p**	12,698	10.72p	10.40p
Separately disclosed items:						
IFRS2 share based payment charge	**2,194**	**1.83p**	**1.77p**	1,512	1.28p	1.24p
Acquired intangible amortisation	**1,363**	**1.13p**	**1.10p**	1,273	1.07p	1.04p
Net acquisition costs	**110**	**0.09p**	**0.09p**	—	—	—
Costs on exercise of executive share options	**244**	**0.20p**	**0.20p**	567	0.48p	0.46p
Profit on sale of fixed assets	**(556)**	**(0.46p)**	**(0.45p)**	(195)	(0.17p)	(0.16p)
Project Atlas	**375**	**0.31p**	**0.30p**	—	—	—
Tax charge on adjusted items above	**(802)**	**(0.67p)**	**(0.65p)**	(609)	(0.51p)	(0.50p)
Tax adjusted items	**(967)**	**(0.80p)**	**(0.78p)**	418	0.35p	0.34p
Underlying profit after tax	**17,047**	**14.17p**	**13.78p**	15,662	13.22p	12.82p

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).

The tax adjusted items include the release of the tax provision from the open tax enquiry and the tax rate changes in Italy and the USA respectively. Further details will be contained in the Annual Report.

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 2018 or 2017 but is derived from the 2018 Report and Accounts. The Report and Accounts for 2017 have been delivered to the Registrar of Companies and those for 2018 will be delivered in due course. The external auditor has reported on the 2018 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. Investor communications

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

The Report and Accounts for the year ended 31 March 2018, together with the Notice of Meeting will be posted to shareholders where requested and uploaded to the National Storage Mechanism (http://www.morningstar.co.uk/uk/NSM) and the Group's website,www.trifast.com in due course.

The 2018 Annual Report and Financial Statements will also 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 Wednesday, 25 July 2018 at 12noon at *Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.