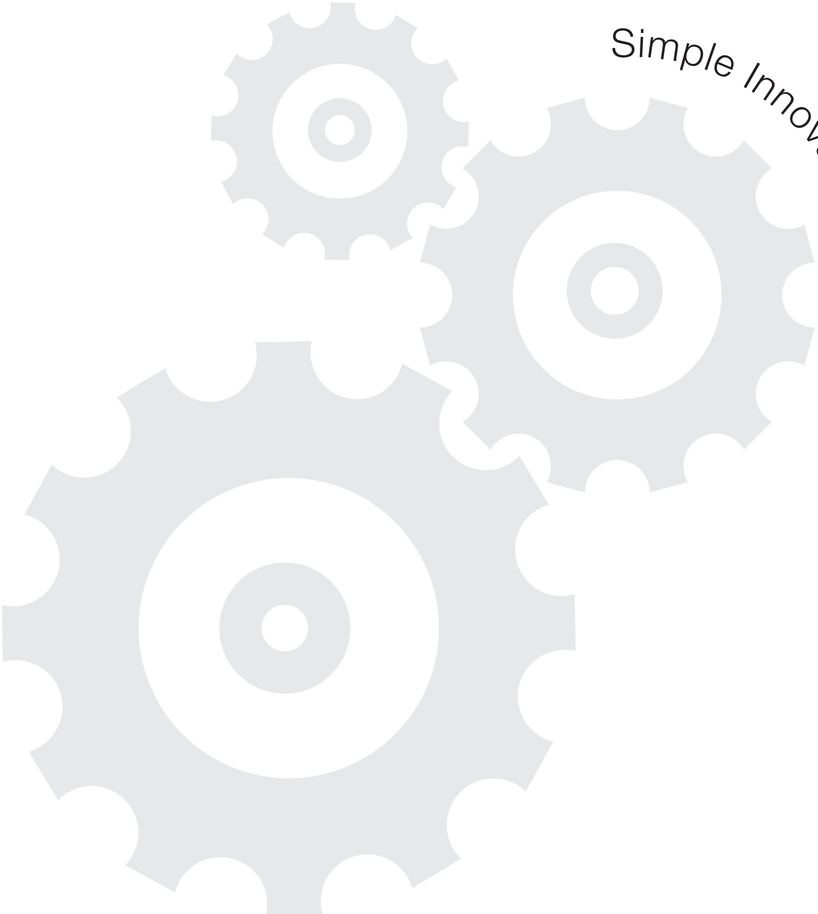
Trifast plc



Simple Innovation

Interim Accounts 2008

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METRIC/IMPERIAL SCREW GAUGE

Financial & Operational Highlights

- **Revenues at £60.70 million (2007: £62.07 million)**
- **Profit before tax (pre-intangible amortisation, IFRS 2 charges and impairment of associate) of £3.09 million (2007: £4.75 million)**
- **Profit before tax of £2.81 million (2007: £4.46 million)**
- **Mainland European revenues up 12%**
- **Earnings per share of 2.31p (2007: 3.94p)**
- **Interim dividend unchanged at 0.93p**
- **Net debt reduced to £9.70 million (2007: £12.97 million)**
- **Strong balance sheet with low gearing of 16.8%**
- **Cost adjustment programme implemented**

Summary interim results for the six months ended 30 September 2008

	Six months ended 30 September 2008	Six months ended 30 September 2007	Year ended 31 March 2008
Revenue	**£60.70m**	£62.07m	£122.36m
Gross profit	**£16.29m**	£17.09m	£33.71m
Operating profit (pre-intangible amortisation, IFRS 2 charges and impairment of associate)	**£3.56m**	£5.23m	£9.95m
Operating profit	**£3.28m**	£4.94m	£7.14m
Pre-tax profit (pre-intangible amortisation, IFRS 2 charges and impairment of associate)	**£3.09m**	£4.75m	£8.81m
Pre-tax profit	**£2.81m**	£4.46m	£6.00m
Earnings per share			
— Basic	**2.31p**	3.96p	4.23p
— Diluted	**2.31p**	3.94p	4.22p
Dividend	**0.93p**	0.93p	2.80p

Statement by the Chairman Anthony Allen and Chief Executive Steve Auld

Trifast is pleased to report that in spite of the market conditions, the Company has achieved a solid performance for the first half of the financial year.

Trifast had a satisfactory start to the financial year with trading for the first quarter to 30 June 2008 in line with market expectations. Whilst the second quarter remained profitable, August and September suffered from a decline in revenues which had a negative impact on the results for the half year.

The Group's revenues and profitability have been impacted by current market conditions as economies around the world began to feel the rapid onset of recession. As this decline is expected to continue, Trifast has reviewed all of its business units and costs are being adjusted accordingly.

Trifast has a strong cash position with low debt gearing, good headroom within its banking covenants and flexibility to reduce working capital levels.

Our investment in the new business development teams operating in Europe has shown some success with the winning of new customer accounts within the clearly defined market sectors that have been identified.

Cash generation and the management of working capital is of prime importance in these markets and Trifast continues to maintain a firm grip on overhead expenditure.

Results

As stated in the Interim Management Statement issued in September, the first half year profitability was impacted by the loss of a contract in the order of £1 million for the hard disk drive market in the Far East, a reduction of a similar amount for slow sales volumes in the UK, and the higher fuel, energy and freight costs being incurred by the Group amounting to £0.6 million.

The growth in sales revenues from the USA has resulted in this business reporting its first profit for a reporting period in three years. The business strategy of selling Trifast products through the Master Distributor Programme is clearly showing a new way forward.

People

The constant development of our staff through clear guidance on our HR training and communication programmes is producing capable, independent, commercially minded business people who will deliver success to Trifast. We have also developed in-house training modules that award staff with the relevant NVQ qualifications.

Current Trading and Prospects

Despite the unprecedented efforts by governments around the world to deal with the lack of liquidity in the global financial markets, many parts of the world are already sliding into a recession with others likely to follow. It is particularly difficult to give a guide as to future prospects given that it is impossible to give an indication of how severe and how long the current difficulties in the world's economy may last.

We warned in our trading update in September that demand for product supplied by Trifast had been lower than anticipated in the UK and Europe and that margins were being affected by rising raw material prices. Whilst we have had some success in winning new customers in Europe and we have the benefit of a broad base of customers in a number of different industries, we have seen some slowing in the production schedules of clients in the automotive and consumer product sectors. It is likely, therefore, that the performance of the Group in the second half will be lower than that achieved in the first half.

Trifast has a strong balance sheet, good operational cash flow and a low level of debt and is well placed to take advantage of the opportunities that will arise as the less well capitalised companies in the sector struggle to deal with tightening credit terms.

Summary

In this challenging marketplace, Trifast remains focused on cash generation, ensuring that costs are under tight control, seeking new clients and positioning the business to compete effectively.

Financial overview

This last period has been a challenging one for all of the Group's businesses, given economic circumstances and increasing input costs.

Trifast has worked and will continue to work within these current conditions to ensure that it can operate and compete as efficiently and profitably as possible.

Results

Gross profit for the six month period was £16.29 million (2007: £17.09 million). The reduction was caused by a £1.37 million drop in sales, predominantly in the UK market. However, gross margins remained healthy at 26.8%, a strong result given raw material pricing pressures during the period and the increased production cost variance in Asia caused by the loss of a major customer as previously reported. Operating profit before financing costs was £3.28 million (2007: £4.94 million), reflecting lower sales values and the increased operational costs outlined above.

We have seen sales reductions from our existing automotive, electronics and home appliance customers, but have seen a healthy increase in new sales accounts won, although sales within these new accounts will be at lower levels than predicted. The Board believes that this strengthening of the customer base will serve the Group well when the more normal general market conditions return.
Sales volume levels have reduced by £3.12 million (8.5%) in the UK from the same period in 2007, but sales in Mainland Europe, Asia and the US have all shown growth. Excluding the UK, the Group showed a healthy sales growth of £1.74 million (6.9%).

Profit before income tax for the period was £2.81 million (2007: £4.46 million), reflecting the reduction in sales outlined above, the increased operational costs for fuel, salary inflation during the first six months and increased manufacturing production variances. This level of profit gives us a return on sales of 4.6% (or 5.4% at operating profit level). Adjusted profit was £3.09 million (pre-intangible amortisation, IFRS 2 charges and impairment of associate) (2007: £4.75 million). With an effective tax rate of 30.1% (2007: 24.9% interim, full year 40.1%), profit after tax was £1.96 million (2007: £3.35 million).

UK
Turnover in the UK reduced by 8.5% to £33.68 million as we saw more customer closures, reduced working hours and production being moved offshore. The UK now represents 55% (2007: 59%) of Group sales by origin. Gross margins have remained constant at 23.6% as management has managed to offset raw material and fuel price increases with customer price increases.

Although the UK market is now facing a deteriorating economic environment, we are identifying many opportunities as the dynamics of our own market change and competitors start to struggle with the effects of lower revenues and the impact of the credit crunch. This leads to market opportunities for financially strong companies such as Trifast.

Mainland Europe/USA

Revenues in Europe and the USA now represent 21.7% of the Group (2007: 18.9%) with margins holding strong at 27.0%. We are seeing strong growth in Holland, Turkey and Norway, with many new enquiries now also being generated in Poland, Czech Republic and Russia. In Sweden growth was good for the first quarter, but we see this being impacted by the severe automotive slowdown in the current period. The growth in sales revenues from the USA has resulted in this business reporting its first profit for a reporting period in three years.

Asia

Our Asian revenues were up on last year at £13.85 million (2007: £13.52 million), but gross margins were lower at 32.7% (2007: 38.7%). These lower margins reflect lower revenues from our largest customer in Singapore, causing lost gross margin, and a material manufacturing production cost variance in addition to raw material price increases hitting our two main factories in Singapore and Taiwan.

We continue to drive our new sales strategy in Asia and raw material price increases have started to slowly reverse.

In China our distribution business continues to go from strength to strength with sales up 21% and gross margins at a healthy 32.5% (2007: 35.2%).

Debt/Cash

Gross debt has reduced by £1.09 million to £15.37 million since the year ended 31 March 2008 with net debt now at £9.71 million (2007: £12.97 million) at the period end, giving a gearing of 16.8%. Cash generated from operations in the period amounted to £0.5 million. This figure was lower than prior year due to the slowdown in sales which resulted in a £2.81 million increase to stock levels and lower than prior period profits.

The Group's cash position remains strong with good headroom within its covenants and low gearing.

Working Capital

Stock levels have increased by £2.81 million, reflecting the impact of both the slowdown of sales in the UK and increased forward purchasing to protect against raw materials price increases in Asia. The stock levels are now being reduced and will generate cash in the second half.

Debtor management has always been a major strength within Trifast and now in the current climate we have placed an even greater focus on this area of our operation. Bad debts in the period were low representing less than 0.7% of turnover. Debtor days remain strong at 70 (2007: 68) and creditor days were at 72 (2007: 63).

Cost Reductions

Trifast has reviewed its operational costs around the world and implemented cost reduction programmes to reflect the current market conditions and ensure that Trifast remains cash generative and profitable for the future period. The costs and benefits of these reductions will be reported in the full year report.

Capital Expenditure

Capex remained under tight control at £0.44 million (2007: £0.51 million) reflecting investment in some new technology within our factories. We expect to see full year capex being less than £1.00 million as a number of projects are put on hold due to current market conditions.

Pensions

Trifast runs all defined contribution pension schemes and as such has no under funded schemes.

Net Financing Costs

Net financing costs were reduced to £0.47 million, of which interest payable amounted to £0.53 million (2007: £0.69 million), reflecting both the reduced level of debt and reduced bank rates over the period.

Earnings per Share

Basic earnings per share in the period was 2.31 pence (2007: 3.96 pence).

Interim Dividend

The Directors have declared an unchanged interim dividend of 0.93 pence per ordinary share reflecting the Board's cautious outlook on the future. The final dividend will be reviewed in the light of the out-turn of the year as a whole.

The interim dividend will be paid on 15 January 2009 to Shareholders on the Register on 28 November 2008 with an ex dividend date of 26 November 2008.

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements contained in this document has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting" as adopted by the European Union;

(b) the Interim management report contained in this document includes a fair review of the information required by the Financial Services Authority's Disclosure and Transparency Rules ("DTR") 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) this document includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Tony Allen
Chairman

Steve Auld
Chief Executive Officer
19 November 2008

Cautionary Statement

The Interim Management Report has been prepared for the Shareholders of the Company, as a body, and no other persons. Its purpose is to assist Shareholders of the Company to assess the strategies adopted by the Company and the potential for those strategies to succeed and for no other purpose. This Interim Management Report contains forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this Interim Management Report will be realised. The forward looking statements reflect the knowledge and information available at the date of preparation.

Description of Business

Trifast plc is a leading international manufacturer and distributor of industrial fastenings to the assembly industries, with operations in Europe, the Americas and Asia.

Condensed Consolidated Interim Income Statement

Unaudited results for the six months ended 30 September 2008

	Notes	**Six months ended 30 September 2008 £000**	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Revenue		**60,699**	62,074	122,364
Cost of Sales		**(44,406)**	(44,985)	(88,650)
Gross Profit		**16,293**	17,089	33,714
Other Operating Income		**17**	134	298
Distribution Expenses		**(1,438)**	(1,394)	(2,805)
Administrative Expenses before the following items:		**(11,314)**	(10,601)	(21,258)
— Intangible Amortisation		**(132)**	(137)	(273)
— IFRS 2 Charge		**(150)**	(153)	(303)
— Impairment of Associate		**—**	—	(2,236)
Total Administrative Expenses		**(11,596)**	(10,891)	(24,070)
Operating Profit		**3,276**	4,938	7,137
Financial Income		**65**	71	156
Financial Expenses		**(533)**	(690)	(1,433)
Net Financing Costs		**(468)**	(619)	(1,277)
Share of profit of associate		**—**	141	140
Profit before Tax		**2,808**	4,460	6,000
Taxation	3	**(846)**	(1,109)	(2,407)
Profit for the Period attributable to equity holders of the parent		**1,962**	3,351	3,593
Earnings per Share				
— Basic	5	**2.31p**	3.96p	4.23p
— Diluted	5	**2.31p**	3.94p	4.22p
Dividends	4	**0.93p**	0.93p	2.80p

Condensed Consolidated Interim Statement of Recognised Income and Expense

Unaudited results for the six months ended 30 September 2008

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Foreign currency translation differences (net of tax)	**2,040**	(95)	2,962
Net gain/(loss) on hedge of net investment in foreign subsidiary (net of tax)	**10**	(18)	(55)
Net Income/(Expense) Recognised Directly in Equity	**2,050**	(113)	2,907
Profit for the Period	**1,962**	3,351	3,593
Total Recognised Income for the Period attributable to equity holders of the parent	**4,012**	3,238	6,500

Condensed Consolidated Interim Balance Sheet

Unaudited results as at 30 September 2008

	Notes	**30 September 2008 £000**	30 September 2007 £000	31 March 2008 £000
Non-current assets				
Property, plant and equipment		**8,749**	8,212	8,570
Intangible assets		**24,311**	23,066	23,828
Investment in associate		**659**	2,896	659
Deferred tax assets		**383**	—	383
Total non-current assets		**34,102**	34,174	33,440
Current assets				
Stocks		**28,078**	25,877	25,263
Trade and other receivables		**26,903**	27,472	25,363
Cash and cash equivalents		**5,660**	9,724	8,618
Total current assets		**60,641**	63,073	59,244
Total assets		**94,743**	97,247	92,684
Current liabilities				
Bank and other loans		**2,407**	7,741	2,961
Trade and other payables		**19,810**	19,919	20,135
Tax payable		**1,137**	981	1,328
Dividends payable		**1,589**	1,406	—
Provisions		**35**	725	70
Total current liabilities		**24,978**	30,772	24,494
Non-current liabilities				
Bank and other loans		**12,961**	14,953	13,865
Provisions		**871**	900	901
Deferred tax liabilities		**394**	406	459
Total non-current liabilities		**14,226**	16,259	15,225
Total liabilities		**39,204**	47,031	39,719
Net assets		**55,539**	50,216	52,965
Equity				
Share capital		**4,262**	4,236	4,248
Share premium		**12,167**	12,052	12,167
Reserves		**3,866**	(1,204)	1,816
Retained earnings	6	**35,244**	35,132	34,734
Total equity	7	**55,539**	50,216	52,965

Condensed Consolidated Interim Statement of Cash Flows

Unaudited results for the six months ended 30 September 2008

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Cash Flows from Operating Activities			
Profit for the Period	**1,962**	3,351	3,593
Adjustments for:			
Depreciation, amortisation & impairment	**697**	703	1,425
Financial income	**(65)**	(71)	(156)
Financial expense	**533**	690	1,433
Loss/(gain) on sale of property, plant & equipment	**5**	(11)	(24)
Equity settled share based payment expense	**150**	153	303
Profit from associate	**—**	(141)	(140)
Impairment of associate	**—**	—	2,236
Taxation	**846**	1,109	2,407
Operating profit before changes in working capital and provisions	**4,128**	5,783	11,077
Change in trade and other payables	**(638)**	(4,441)	3,926
Change in stocks	**(1,994)**	(190)	1,357
Change in trade and other receivables	**(977)**	1,084	(4,893)
Change in provisions	**(65)**	(1,106)	(1,771)
Cash generated from operations	**454**	1,130	9,696
Tax paid	**(1,167)**	(413)	(1,454)
Net Cash from Operating Activities	**(713)**	717	8,242
Cash Flows from Investing Activities			
Acquisition of subsidiaries and investments net of cash	**—**	(4)	(4)
Acquisition of property, plant & equipment	**(443)**	(511)	(1,113)
Dividends received	**—**	81	81
Proceeds from sale of property, plant & equipment	**1**	20	74
Interest received	**55**	66	153
Net Cash from Investing Activities	**(387)**	(348)	(809)
Cash Flows from Financing Activities			
Proceeds from issue of share capital	**—**	6	133
Repayment of long term borrowings	**(1,091)**	(1,518)	(2,739)
Dividends paid	**—**	—	(2,196)
Interest paid	**(524)**	(672)	(1,462)
Net Cash from Financing Activities	**(1,615)**	(2,184)	(6,264)
Net change in Cash and Cash Equivalents	**(2,715)**	(1,815)	1,169
Cash and Cash Equivalents at start of period	**8,247**	6,470	6,470
Effect of exchange rate fluctuations on cash held	**128**	64	608
Cash and Cash Equivalents at end of period	**5,660**	4,719	8,247

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited results for the six months ended 30 September 2008

1. Basis of preparation

This interim statement has been prepared on the basis of accounting policies set out in the full Annual Report and Accounts for the year ended 31 March 2008, except as noted below.

IFRS 8 Operating Segments has been adopted early in these interim statements. This adoption has had no impact on the balance sheet or income statement. The disclosures, including comparatives, given in note 2 have been amended to comply with the new requirements.

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and International Financial Reporting Standard (IFRS) IAS 34: Interim Financial Reporting as adopted in the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2008.

This statement does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985. The statement is unaudited but has been reviewed by KPMG Audit Plc and their report is set out below.

The comparative figures for the financial year ended 31 March 2008 are not the Company's statutory accounts for that financial year and have been extracted from the full Annual Report and Accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Segment reporting

Entity wide revenue is derived from the manufacture and logistical supply of industrial fasteners and Category 'C' components. Segment information is presented in respect of the Group's geographical segments as this reporting format reflects the Group's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those which can be allocated on a reasonable basis.

The Group is comprised of the following main geographical segments:

- UK
- Mainland Europe: includes Norway, Sweden, France, Hungary, Southern Ireland, Holland and Turkey
- Asia: includes Malaysia, China, Singapore and Taiwan
- America: includes Los Angeles, Phoenix and Mexico

2. Segment reporting (continued)

	Six months ended 30 September 2008	Six months ended 30 September 2007
Revenue		
UK		
External customers	**33,680**	36,796
Inter-segment	**1,266**	1,518
Mainland Europe		
External customers	**11,501**	10,233
Inter-segment	**320**	1,039
Asia		
External customers	**13,848**	13,523
Inter-segment	**2,320**	1,617
America		
External customers	**1,670**	1,522
Inter-segment	**75**	62
Total segmental sales	**64,680**	66,310
Less inter-segment sales	**(3,981)**	(4,236)
Total sales	**60,699**	62,074
Segmental operating profit/(loss) (pre-intangible amortisation and equity settled share based payments)		
UK	**1,118**	1,899
Mainland Europe	**610**	752
Asia	**2,655**	3,669
America	**71**	(263)
Segmental operating profit	**4,454**	6,057
Central costs[1]	**(896)**	(688)
Intangible amortisation	**(132)**	(137)
Equity settled share based payments	**(150)**	(153)
Net financing costs	**(468)**	(619)
Profit before taxation	**2,808**	4,460
Segmental total assets		
UK	**26,439**	34,387
Mainland Europe	**11,082**	12,110
Asia	**31,272**	26,167
America	**2,093**	1,798
Segmental total assets	**70,886**	74,462
Central[1]	**23,857**	22,785
Total assets	**94,743**	97,247

[1] Central costs are the costs of running the head office function which co-ordinates the Group activities.

The central total assets comprise goodwill and intangibles, cash, fixed assets and the investment in associate.

3. Taxation

The charge for tax is an estimate based on the anticipated effective rate of tax for the year ending 31 March 2009, adjusted for prior year items as shown below:

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000
Current tax on income for the period		
UK Tax	**28**	178
Foreign Tax	**773**	971
Adjustments in respect of prior years	**45**	(40)
	846	1,109

4. Dividends

The dividend payable figure of £1.59 million, payable on 15 October 2008 represents the final dividend recommended at the March 2008 Year End and approved at the AGM in September 2008.

On 18 November 2008 the Directors declared an interim dividend of 0.93 pence per ordinary share to be paid on 15 January 2009 to Shareholders on the register on 28 November 2008. In accordance with IAS 10 no accrual has been made in these interim statements.

5. Earnings per share

The calculation of earnings per 5p ordinary share is based on profit for the period after taxation and the weighted average number of shares in the period of 85,130,004 (September 2007: 84,715,325; March 2008: 84,819,205).

The calculation of the fully diluted earnings per 5p ordinary share is based on profit for the period after taxation. In accordance with IAS 33 the weighted average number of shares in the period has been adjusted to take account of the effects of all dilutive potential ordinary shares. The number of shares used in the calculation amount to 85,130,004 (September 2007: 85,069,832; March 2008: 85,053,209).

The adjusted diluted earnings per share for the six months ended 30 September 2008 is as follows:

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Profit for the Period	**1,962**	3,351	3,593
Associate Impairment	**—**	—	2,236
Adjusted Profit	**1,962**	3,351	5,829
Basic EPS	**2.31p**	3.96p	4.23p
Diluted Basic EPS	**2.31p**	3.94p	4.22p
Adjusted Diluted EPS	**2.31p**	3.94p	6.85p

6. Retained Earnings

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Opening balance	**34,734**	33,034	33,034
Retained profit for period	**1,962**	3,351	3,593
Equity-settled share based payment transactions	**137**	153	303
Dividends	**(1,589)**	(1,406)	(2,196)
Closing Balance	**35,244**	35,132	34,734

7. Reconciliation of Movements in Total Equity

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Profit for the Financial Period	**1,962**	3,351	3,593
Net issue of ordinary shares	**14**	6	133
Equity settled share based payment transactions	**137**	153	303
Exchange differences	**2,050**	(113)	2,907
Dividends	**(1,589)**	(1,406)	(2,196)
Net Addition to Total Equity	**2,574**	1,991	4,740
Opening Total Equity	**52,965**	48,225	48,225
Closing Total Equity	**55,539**	50,216	52,965

8. Related Party Transactions

Key Management Personnel Compensation

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a non-contributory defined contribution pension plan on their behalf.

Executive officers also participate in the Group's share option programme.

Key management personnel compensation including termination payments amounted to £1,100k (September 2007: £969k).

9. Cash and Cash Equivalents at end of Period

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Cash and cash equivalents	**5,660**	9,724	8,618
Bank overdraft	**—**	(5,005)	(371)
Net cash and cash equivalents	**5,660**	4,719	8,247

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Recognised Income and Expense, the Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

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

Our responsibility

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

Independent Review Report by KPMG Audit Plc to Trifast plc

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

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18 November 2008

Shareholders' Notes

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