A World of Opportunity

Trifast plc

Annual Report for the year ended 31 March 2012

Stock Code: TRI

Trifast plc

Global Reach — Local Presence

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

Strategic Summary

- With Senior Management constantly driving "*Continuous Improvement*" with their TQM staff training programme, there are many ongoing "self-help" opportunities to streamline business processes — especially with stock profiling and incoming logistics
- Four key growth dynamics:
  - Global logistics programmes to multinationals
  - TR Direct (Transactional sales in the UK)
  - TR Branded specialist own products globally
  - Factory-to-factory (lowest cost/high volume)
- USA — now one centralised operation in Houston
- Enhanced Sales focus in India, Thailand, Vietnam, Taiwan, Indonesia and China

for more information go to:
www.trifast.com

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Performance and Strategy

Our Business Model

see page 8 and 9

Take a Look Inside

Business Innovation and Development

see pages 28 and 29

Our Governance

The Lead Team — Taking Responsibility

see pages 44 and 45

Our Financials

Financial Statements

see pages 64 to 110

Highlights

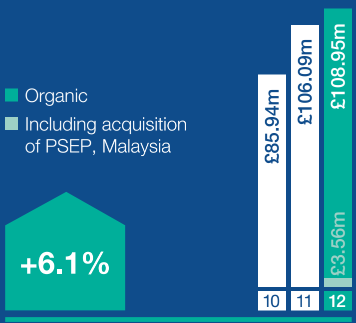
"Results ahead of market expectations — solid improvement in earnings see Trifast return to the Dividend stream"

Financial

Revenue

£112.51m

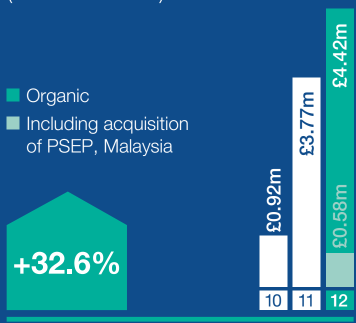
(2011: £106.09m)



Underlying pre-tax profit*

£5.00m

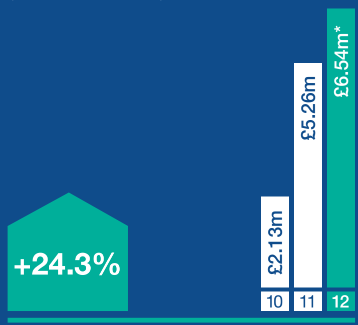
(2011: £3.77m)



EBITDA*

£6.54m

(2011: £5.26m)



*Before IFRS 2 charge, intangible amortisation, acquisition expenses and restructuring credit/(costs)

Operational

Key commercials:

- **Self-help solid improvement across the core TR business with all territories trading profitably**
- **Successful US restructuring with new Houston hub trading profitably**
- **PSEP integrating well into the Group and trading in line with management expectations**
- **Significant Global contract wins across the network**
- **TR awarded preferred supplier status and "Lear Corporation Global Supplier Award"**
- **Profit reflected in cash — a major KPI across all 20 business units**
- **A "World of Opportunity" in fragmented market and TR's next three year strategic plan is underway**

Delivering on our strategy Strengthening our global presence

Trifast acquired PSEP in Malaysia in order to expand the Group's range of safety critical components demanded by the rapidly expanding automotive sector, an area Trifast is successfully targeting

Malcolm Diamond MBE
Executive Chairman

Please see page 17 for further information

Chairman's Message

Trifast plc
Trifast House
Bellbrook Park, Uckfield
East Sussex, TN22 1QW
United Kingdom
Tel: +44 (0)1825 747366

Dear Shareholder

We hope that you enjoy reading about the significant progress our business has made since my last letter to you in 2011; with a great deal being achieved through internal "self-help" initiatives, as well as working together externally with customers and suppliers to build on our key drivers of "*Continuous Improvement*" — all of this being delivered through the dedication and commitment of all our people around the Globe.

Our 2012 key achievements have resulted from "*Doing what we promised*"
• Sales growth • Margin improvement • Managing debt & cash generation
• Return on Capital Employed • Restoration of the Dividend

Having successfully completed the three-year recovery plan implemented in 2009, your Board is now looking forward to the next three years by working with our talented and highly focused operational teams to double the size of the business by accelerating growth organically and complemented by highly selective niche acquisitions. At the end of 2011, we welcomed PSEP into the TR family, with this addition clearly reflecting our aspirations to grow the business through buying niche specialist companies that will add value to our product offering and capabilities, thus giving us the opportunity to broaden our customer spread and strengthen our presence in key market sectors, in this case — Automotive.

Over the past year, we have been presented with several National and International awards from both customers and industry — which is a testament to the strong partnerships we are building, especially with multinationals where we have secured a number of solid contract wins from leading global brands, with further progress expected as we develop through this coming year and beyond. We are delighted to restore the dividend this year as an inaugural start to what we hope to be a progressive yield policy going forward, and we humbly acknowledge the support and encouragement that we have received from our investors throughout these last three "lean" years.

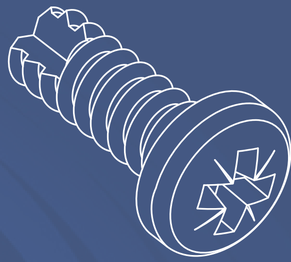
Our next three year plan to double revenue is built around a "World of Opportunity" that the Board strongly feels is available to us within our industry — both geographically (especially in Asia and the USA), and within our target customer sectors.

We look forward to updating you on our progress as we move forward. Meanwhile, my colleagues and I would be pleased to welcome you to our Annual General Meeting in Uckfield on 20 September where you can meet our staff and take a look around if you wish. If you have any questions, please do not hesitate to call the office or email us and we will do our best to help you.

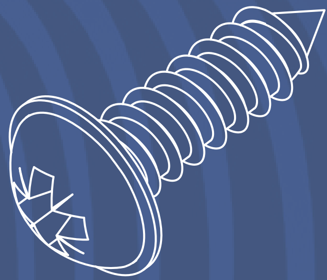
Yours sincerely

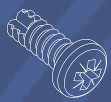
Malcolm Diamond

Malcolm Diamond MBE
Executive Chairman



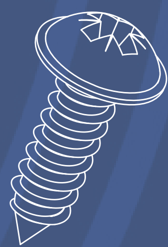
Key Facts about Trifast





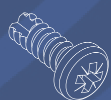
Countries TR delivers to over

50



Number of employees across the Globe over

1,000



Highly

motivated

Number of countries we operate in

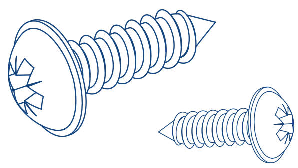
16

Components delivered each day by TR

150 million

Fastest growing area of demand is Asia representing

c.30%



Customer

focused

Trifast plc

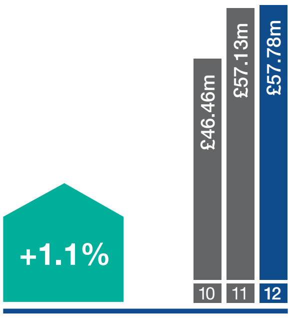
Group at a Glance

United Kingdom

Revenue

£57.78m

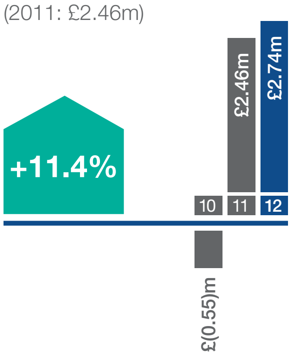
(2011: £57.13m)



Operating Profit*

£2.74m

(2011: £2.46m)



Number of employees	421
Site locations	8

Key Markets

• Automotive • Distributors • Domestic • Electronics • Other

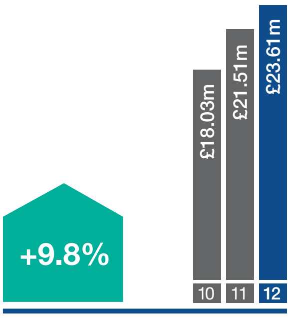
Pictured: TR UK

Europe and USA

Revenue

£23.61m

(2011: £21.51m)



Operating Profit*

£0.62m

(2011: loss £0.05m)

Number of employees	104
Site locations	6

Key Markets

• Automotive • Distributors • Domestic • Electronics • Other

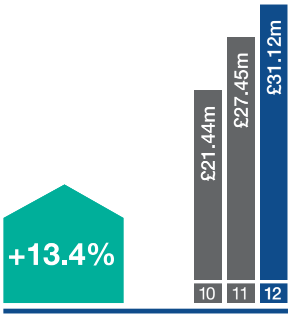
Pictured above: TR Holland **Pictured below:** TR Inc. USA

Asia

Revenue

£31.12m

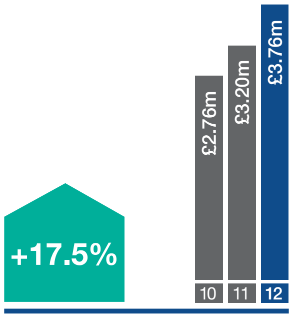
(2011: £27.45m)



Operating Profit*

£3.76m

(2011: £3.20m)



Number of employees	504
Site locations	6

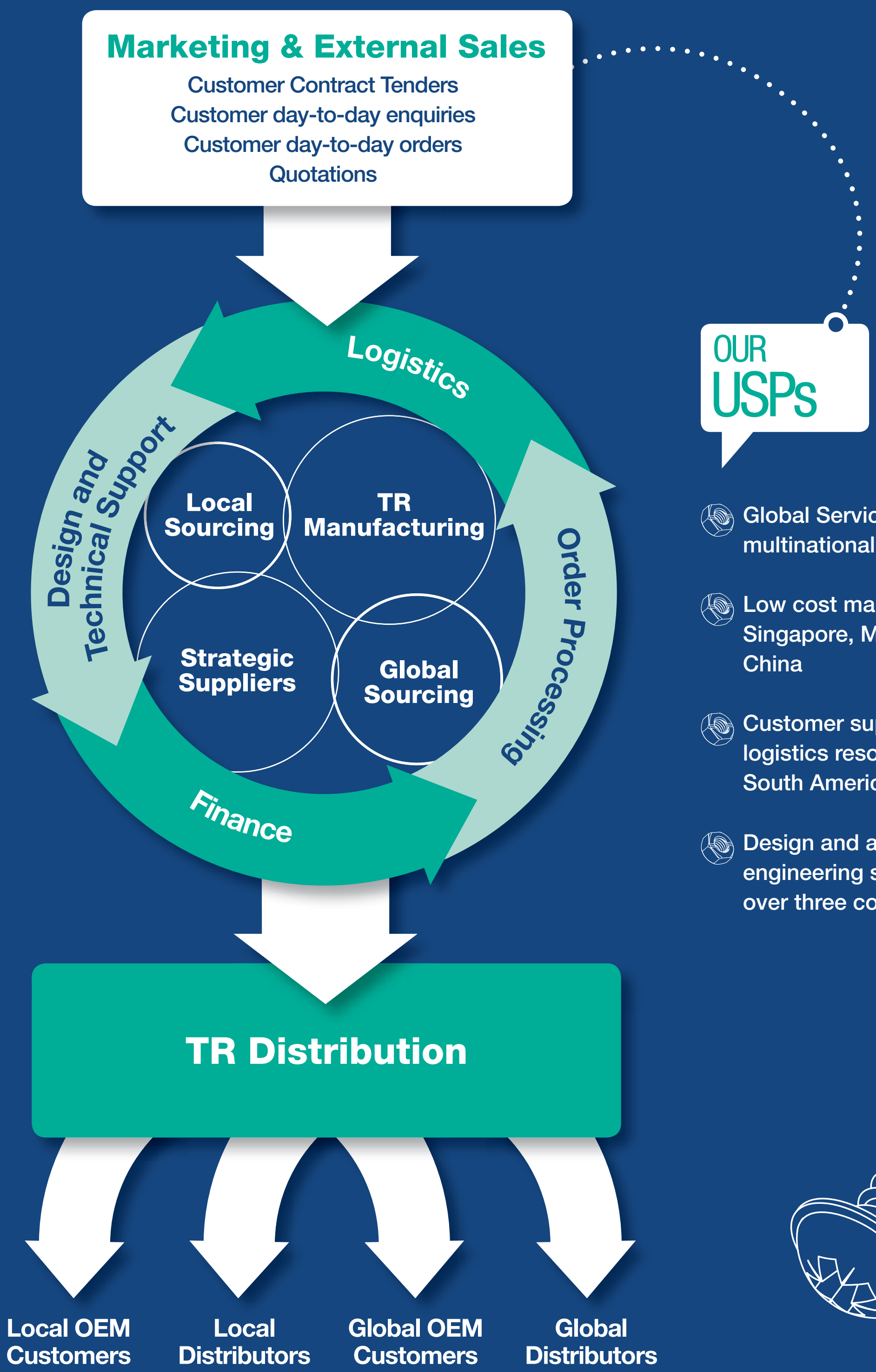
Key Markets

• Automotive • Distributors • Domestic • Electronics • Other

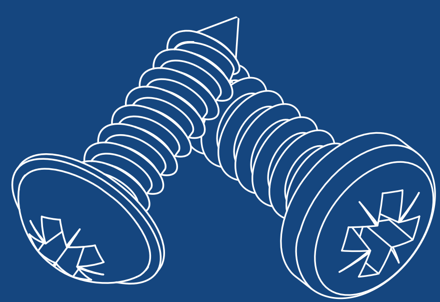
Pictured: TR Asia

Our Business Model

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



- Global Service capability to multinational customers
- Low cost manufacturing in Singapore, Malaysia, Taiwan and China
- Customer support staff and total logistics resources in North and South America, Europe and Asia
- Design and applications engineering specialists support over three continents



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Trifast plc


Automotive


Electronics


Medical Equipment


Domestic Appliances


Telecoms


Third Parties

TR's strengths

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

Sales by Product type

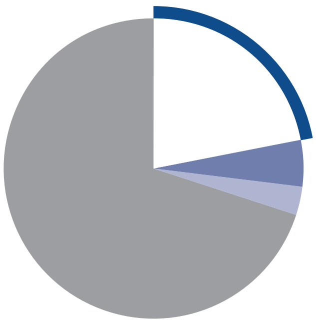
Automotive	25%
Electronics	23%
Distributors	17%
Domestic	8%
Other	27%

Sales by Geographic area

UK	51%
Europe and USA	21%
Asia	28%

Manufacturing and distribution

Manufacturing	22%
Distribution — TR Direct	5%
Distribution — Lancaster	3%
Distribution — OEM	70%

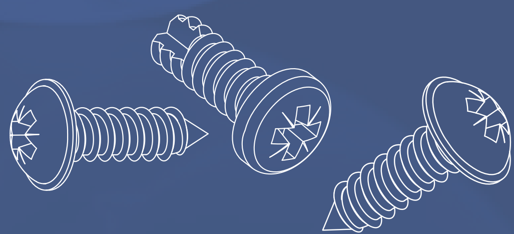


Phase 3 Recovery plan completed — new goals set

Key achievements

- Preliminary Results 2012 — reflect "Doing what we promised"
- Sales growth
- Margin improvement
- Managing debt & cash generation
- Acquisition to enhance capabilities
- ROCE improvements
- Restoration of the Dividend

"Your Directors have all received tremendous support and dedication from the staff and their operational management teams, these are the people who are striving to deliver our plans and the improving performance for the benefit of all stakeholders. Once again, we look forward to working with them to deliver our strategic three-year plan"



Business Review

"Our business objectives remain committed to margin enhancement whilst continuing to focus on maximising growth opportunities through TR's transactional sales, global sales and acquisition strategies"

Introduction

Whilst global recovery continues to be reliant on overall economic and customer confidence getting stronger, the Group has focused on its "self-help" objectives which has produced a solid improvement in both sales and profitability, giving us a stronger platform to continue to build upon our stated strategic objectives.
Our business objectives remain, committed to margin enhancement whilst continuing to focus on maximising growth opportunities through both TR's transactional and Global sales strategy and acquisition strategy.

Three years on . . . and a "World of Opportunity"

The end of this financial year was a significant time for us both, as it marked the three-year milestone since our return to Trifast as a working partnership of Chairman and CEO in March 2009.

Looking back provides a stark yet encouraging contrast between the status and financial health of the Company in 2009 compared to 2012, maybe not quite "rags to riches", but more "doomed to dynamic", and we are now focused and working through this current financial year with an even higher degree of confidence in our ability to further accelerate our growth going forward into 2013 and 2014.

Clearly, the 2011 year brought us and many other businesses major challenges from the impact of the Japanese Tsunami and earthquakes, the flooding in Thailand, and the nervousness from the Eurozone sovereign debt, all of which for TR adversely impacted global demand for our components, yet we still exceeded our profit growth target as a Group. We believe that this performance is much more attributable to the resilience, energy and skill of our management and staff around the world than to perhaps over conservative budgeting by the Board.

The global market for fasteners and related components for assembly is so vast that Trifast's revenue is barely measurable in terms of penetration, yet the market is more fragmented than ever before as many major Western corporations have downsized to reduce cost in recent years.

Jim Barker
Chief Executive

Malcolm Diamond MBE
Executive Chairman

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Business Review continued

This has revealed opportunities for smaller more flexible players such as Trifast to become ***"strategic consolidators"*** where synergy savings provide attractive returns — especially with low cost/high technology manufacturers predominantly to be found in Asia.

As we report on our performance over the year 2011/12, we are mindful that looking ahead your Board clearly sees a "World of Opportunity".

Pictured: TR Distribution Centre, Uckfield

Stakeholder Value

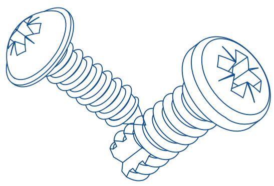
In what is perceived as an increasingly competitive market it is very easy for suppliers to slip into what we term *"over compliance"*, where more added value is provided to customers for less volume or revenue in return. This develops from either fear of losing the customer to a competitor or from the promise by customers of gaining additional business if existing transactions are made more attractive. These concessions invariably come from the sales team where the cost and danger of customer compliance is rarely recognised — mainly because financial training and awareness is not normally provided by management to their sales personnel.

This knowledge gap has now been remedied at TR Fastenings with team and one-to-one commercial training and mentoring, to the extent that now when new enquiries and orders are evaluated at the time of receipt then our internal processes receive more focus and debate than the actual revenue. Logistics contracts (VMI), both new and existing, are scrutinised to effect maximum efficiency with regard to product stock levels, packaging, delivery cycles, administration, customer contact frequency, etc. in order to ensure that our customer receives optimum service and value without eroding what is normally a competitively narrow margin when the contract is up and running. This very professional approach combined with our strategic vendor development programme and new Global sourcing initiatives has created the ability to achieve our margin improvement targets during the year under review.

However, this is not a "one-off" phase that we have gone through, but a permanent culture of ***"value focus"*** that is reinvigorated at regular intervals by senior management as a matter of routine. It is no accident that the only bonus schemes within the Group are efficiency based and that there is a total absence of revenue driven commission schemes. We believe that this will enable us to deliver best value on behalf of all our stakeholders.

DID YOU KNOW?

TR has attained Global Supplier Approval with nearly 30 International key customers



"The knowledge gap has now been remedied at TR with team and one-to-one commercial training and mentoring"

PERFORMANCE AND STRATEGY

Business Review continued

Pictured: First class manufacturing and logistics 24/7 around the Globe

Operational "Smoothing"

Our ongoing margin improvement strategy is focused not only upon better transactional volumes and buying levels but also on reducing fixed superfluous overhead costs along with operational "*Continuous Improvement*" in process efficiencies.

Material savings have been identified and part achieved over the past year by renegotiating onerous property leases in the Midlands and Scotland and also on freight contracts for imports plus a significant reduction in our UK van fleet — even with the growth in sales revenue.

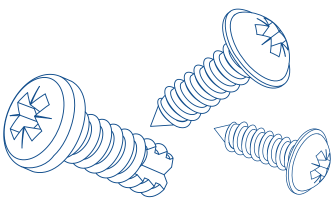
Meanwhile, our UK and mainland European-based procurement and sourcing teams are working with key suppliers on a major initiative to rationalise and standardise incoming product packaging sizes and specifications. This is a longer term project that will provide material benefits to the indirect costs of handling goods inwards, warehouse storage, order picking and subsequent customer deliveries.

The introduction of the UK-based **TR Direct** business model in June 2011, plus the improved focus on TR Branded product sales to UK-based OEMs, has necessitated an overhaul of our external sales structure, to the extent that we now have a smaller team of more specialised representatives that report directly to the **TR Direct** and **TR Branded** product managers rather than, as before, to regional general managers. We are now witnessing improved sales dynamics as a result.

Until early 2011, like many organisations, Group marketing operated separately from Group sales; however, as we strive to maximise "joined up thinking" within a "lean management structure" charged with ambitious growth targets, these two functions are now working in close harmony with a sharpened focus on both internal and external messaging. One tangible benefit has been a major overhaul of the TR website to make it much more sales orientated and "user-friendly".

In the Autumn of 2011, we addressed the need to simplify our strategy in the USA by switching our TR Branded product sales through a US-based commission agency in Massachusetts; consequently we closed our own distribution and sales facility near Boston during March 2012. All stock is now held in our new distribution hub established in Houston from where all sales and marketing is aimed predominantly at the major multinational electronics OEMs headquartered in the USA — many of whom we already supply in Europe and Asia.

We started this new financial year with TR Fastenings Inc. (USA) poised to develop into a meaningful contributor to Group revenue and profits following this strategic realignment.



Partnership working with customers is recognised and awarded

In March 2012, we were delighted to be recognised by Lear Corporation, a Fortune 500 company with 207 locations globally. We were presented with their prestigious "Lear Supplier of the Year" Award in Detroit. This has opened up opportunities to us across the Lear Corporation as we are recognised as a "Preferred Global Supplier".

The winning formula was created by a dedicated TR team, attention to quality, all backed up by technical support and TR manufacturing capability. We have received a number of awards, but this success we strongly believe is capable of being replicated with other multinationals we are currently working with or targeting.

Phase Three: Organic Growth and Niche Acquisitions

Prior to entering this financial year being reported upon, we indicated that organic growth, whilst being reliably predicted, would fail to provide sufficient return to our loyal and patient Shareholders going forward, and with opportunities for consolidation within a fragmented global fastener sector, your Board made an open commitment to seek "*value-add niche acquisitions to further strengthen the Group*".

"On behalf of the Main Board and all stakeholders, we would like to welcome all new members of staff across the Globe. All our people are to be congratulated for their hard work and dedication ensuring that we attain our aspirations as an ambitious business"

As broadly documented at the end of 2011, the acquisition of Power Steel and Electro-Plating Works Sdn. Bhd. ("PSEP") in Malaysia has fulfilled all the key criteria to help broaden TR's manufactured product range, especially within the Automotive assembly sector, whilst clearly demonstrating its strength of earnings. We are happy to confirm that the integration process has been successfully achieved principally thanks to the efforts and commitment of both TR's team and our new colleagues from Power Steel.

It is the Board's conclusion that the PSEP acquisition provides an encouraging foundation start to further expansion of the Group's manufacturing expertise and resources; therefore, it is indicative that our "Phase Three" strategic plan has a life expectancy beyond our initial three-year recovery plan instigated when we returned to the business.

Pictured: PSEP manufacturing

PERFORMANCE AND STRATEGY

Business Review continued

Our People
On behalf of the Main Board and all stakeholders, we would like to welcome all new members of staff across the Globe. All our people are to be congratulated for their hard work and dedication ensuring that we attain our aspirations as an ambitious business. Your Directors have all received tremendous support and dedication from the staff and their operational management teams; these are the people who are striving to deliver our plans and the improving performance for the benefit of all stakeholders. Once again, we look forward to working with them to deliver our next strategic three-year plan.

Management Structure
Having completed our three-year return to Trifast, what happens to the Board and indeed the two of us as we reach this juncture?

Today, it is our operational Group and country management that now deliver the ever improving performance of the Trifast business model which now has reduced the day-to-day dependence on the CEO's and Chairman's input at operational level. This satisfying outcome gives substantial strength to the Executive team allowing us to focus on driving the acquisition strategy, as we see Trifast as having the skills, capability and desire to at least double in size.

Pictured: Jo Devlin, TR Strategic Project Manager

Pictured: David Ng, Asia Business Development Manager, HK Tan, General Manager TR Formac Malaysia (background)

This goal coincides with the fact that the global fastener market is highly fragmented with many opportunities for profitable consolidation and although current worldwide economic nervousness exists, it is a fact that our market is still growing.

These three circumstances have convinced us both to set a second three-year plan that targets realistic organic growth that is hugely reinforced with meaningful acquisitions — mainly, we believe, to be high tech/low cost niche manufacturers.

For this reason and for as long as we can add Shareholder value, your Chairman and CEO will continue at Trifast **to drive this second three-year plan** that aims to grow the business considerably to attain a position of market strength.

"Under promise — over deliver"
From Trifast's flotation in 1994 to the Millennium, the business developed a solid reputation for consistently outperforming market consensus, and with our recovery since 2009, we are hopeful that our "*Under promise — over deliver*" reputation is being restored.

Returning to the Dividend Stream
Underpinning our confidence in the future of the business, the Board is recommending the reintroduction of a dividend, subject to Shareholder approval at the Annual General Meeting in September, and we look forward to restoring a solid progressive dividend policy over the coming years.

Current Trading
At the time of writing (18 June 2012), as all of our business teams continue to trade profitably we have been very encouraged by the accuracy of our growth forecasting so far this current financial year. Our enquiry log for major new business opportunities remains busy across all three main continents we serve — and sectors, mainly in Electronics and Automotive. We look forward to updating stakeholders throughout the year on our progress.

18 June 2012

DID YOU KNOW?

TR has six state-of-the-art manufacturing facilities, staffed by highly experienced technical engineers

Trifast strengthens its Global offering

Over the last three years, Trifast has successfully restructured its operations across its European, Asian and US businesses.

An essential element of the TR management growth strategy is to identify and selectively acquire profitable, "self-managing bolt-on" businesses that either, extend its product range or offer niche opportunities as well as being earnings enhancing for the Group.

In December 2011, we completed the acquisition of **Power Steel and Electro-Plating Works Sdn. Bhd.** ("PSEP"), a manufacturer of higher value and technically sophisticated cold forged components used within the automotive, motorcycle and compressor industries in the Asian region.

The business started standard manufacturing in 1973 producing parts for local consumption. In 1982, it diversified into technically advanced fasteners and focusing on complex customised steel fastener production which enabled PSEP to supply the then emerging automotive industries in Malaysia which include Perodua and Proton.

Today, PSEP is considered to be one of the most advanced fastener manufacturers in the Asian region and this recognition is supported by the stability of its customer base, which is complementary to Trifast's customer base, coupled with PSEP's strong balance sheet and excellent track record.

We have already been benefiting from our long established business relationship and now, together, we have strengthened our service offering and from here, we can capitalise on the opportunities for the combined business within the Asian territories as well as internationally.

"By adding TR's Global sales & marketing resources to the excellent PSEP model we will see further utilisation of their capacity and an increase in our Asian capabilities"

View the online video at:
www.trifast.com/Company/Trifast_Video_Room/PSEP_Corporate_Video

Strong Cash generation at

£4.42m

Significant improvement in ROCE to

11.3%

(Inc PSEP on a pro-rata basis)

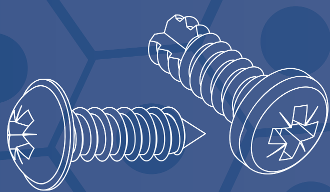
EBITDA up

24.3%

Underlying profit up

32.6%

"The key driver of growth in the year was the Europe/ USA region which grew by 9.8%. Holland and Hungary saw the largest growth with a number of new automotive contracts secured in Holland and wins from the electronics sector in Hungary"



Finance Review

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

The traditional TR business has performed well and through a focus on margin and "self-help" applications has returned a creditable result despite natural disasters and external influences affecting the global economies and commercial marketplace. Added to the solid organic performance of TR, the integration of Power Steel and Electro-Plating Works Sdn. Bhd. ("PSEP"), acquired at the end of last year continues to progress on plan; as a combined business we have a number of exciting opportunities ahead.

An Operational Business Review of the year ended March 2012 has been set out in the Joint Chairman's and CEO's Statement.

Revenue

Overall, Group Revenue year-on-year was 6.1% up on the previous year at £112.51 million; this included a contribution of £3.56 million from our Malaysian acquisition PSEP, completed in December 2011, leaving organic revenue growth at the existing TR operations at a solid 2.7%. This demonstrates a good all-round reported performance, and was achieved against a softening in demand in our Q3 period when we witnessed a mix of customer de-stocking in Europe/USA on the back of ongoing EuroZone concerns, and customer schedule changes in Asia following the Thai floods that occurred in September 2011. However, the last quarter of the financial year (Q4) saw a return to more encouraging volumes and sales, and we completed the year with a strong performance.

DID YOU KNOW?

- **Statutory Profit before Tax increased by 88.7%**
- **Basic Earnings per Share increased 78.7%**

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

Continuing operations	Full Year 31 March 2012	Full year 31 March 2011	% increase
Revenue			
UK	£57.78m	£57.13m	+1.1%
Asia[1]	£31.12m	£27.45m	+13.4%
Europe/USA	£23.61m	£21.51m	+9.8%
Total for the year	**£112.51m**	£106.09m	+6.1%

[1]Includes PSEP acquisition.

Mark Belton
Group Finance Director

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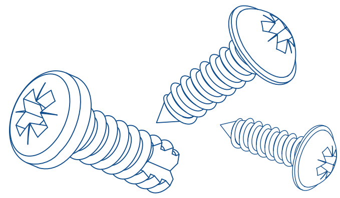
PERFORMANCE AND STRATEGY

Finance Review continued

The key driver of growth in the year was the Europe/USA region which grew by 9.8%. Holland and Hungary saw the largest growth with a number of new automotive contracts secured in Holland and wins from the electronics sector in Hungary. As previously discussed, overall growth in the Asian territories was affected by the Thai floods and the Japanese Tsunami and so it was pleasing to see that organically (excluding the acquisition of PSEP) this Region still grew marginally by 0.4%.

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



Adjusted pre-tax profit operating margins

The underlying operating result between the TR represented regions can be analysed as follows:

Continuing operations	**Full Year 31 March 2012**	Full year 31 March 2011
Underlying operating result		
UK	**£2.74m**	£2.46m
Asia[1]	**£3.76m**	£3.20m
Europe/USA	**£0.62m**	(£0.05m)
Central costs	**(£1.49m)**	(£1.29m)
Total before financing costs	**£5.63m**	£4.32m
Net financing costs	**(£0.63m)**	(£0.55m)
Total after financing costs	**£5.00m**	£3.77m

[1]Includes PSEP acquisition

The Management is very pleased to report a 32.6% increase in profitability to £5.00 million (before separately disclosed items). It is also satisfying to report that the Group's underlying organic pre-tax profit (pre-PSEP) was £4.42 million, a 17.2% increase over the previous financial year — a very creditable performance by the TR businesses.

By territory, the UK contribution increased by 11.4% demonstrating better utilisation of its overheads, whilst Asia grew 17.5% reflecting the positive effect of PSEP; however, the biggest swing was Europe/USA turning a small loss in 2011 into a profit of £0.62 million.

One of our stated goals is to focus on net margin enhancement; therefore, it is pleasing to report that during the year, we have improved net margins from 3.6% to 4.4%. This has been achieved through:

- **Consolidation and better utilisation of the Group's overheads**
  - as a percentage of sales, have been reduced from 21.1% to 20.6%, with a target of decreasing by a further 1% by the end of the financial year ending March 2013. The Board together with the Operational management teams around the business continue to review and identify areas where efficiencies can continue to be made.
  - average headcount was reduced by 2.6% (prior to acquiring PSEP), which represents the actions in Asia where, as previously highlighted, we undertook to exit our Chinese manufacturing plant in Suzhou within the Free Trade Zone and relocate the operation into one of our Strategic Alliance Partners. This move has served to improve TR's ability to service the domestic market more efficiently.

The total number of staff within the Group at the year-end stood at 1,029 (March 2011: 880) of which 176 joined the Group with PSEP.

- **Gross Profit margins (GP%)**
  Gross Profit showed an improvement during the year up from 25.2% at year-end March 2011 to 25.6% at the end of the financial year being reported upon. This improvement was achieved despite higher than normal stock write-offs (due to the closure of SAAB in December 2011 and Customer transfer projects in China coming to the end of their life cycle) and the strengthening of the Asian currencies against both the US$ and Euro. The Board believes that there is additional scope to further improve GP margins and this continues to be a key objective for the future.

- **Acquisition benefits**
  As Shareholders are aware, to achieve ongoing earnings enhancing growth, investment is required. One of the Board's strategies is to focus on niche market acquisitions which operate at higher margins and this has been shown through the acquisition of PSEP, where pre-tax profit margins are *circa* 16% of revenue.

Extending the Group's capabilities through £15 million acquisition in Asia

Since 2009, we have successfully restructured the Group's operations across its European, Asian and US businesses. An essential element of the TR Management growth strategy is to identify and selectively acquire profitable, "self-managing bolt-on" businesses that either extend its product range or offer niche opportunities as well as being earnings enhancing for the Group.

In December 2011, we completed the acquisition of PSEP, a Malaysian-based manufacturer of higher value and technically sophisticated cold forged components used within the automotive, motorcycle and compressor industries in the Asian region. PSEP is considered to be one of the most advanced fastener manufacturers in the Asia region with a strong balance sheet and excellent track record. Adding TR's Global Sales & Marketing resources to the excellent PSEP model will increase our capabilities in Asia and we will see further utilisation of their capacity, for example through channelling some of the Group's growing Automotive business enquiries and wins through their business.

The acquisition consideration was £14.94 million, of which £13.49 million was paid on completion with £1.45 million becoming payable in December 2012 subject to claims under warranties not being initiated. PSEP was acquired utilising a mix of Bank resource (Term Loan £7.48 million) and an Equity Placing which amounted to 21,621,622 shares at 37 pence per share, raising approximately £8.00 million, before expenses. These shares were admitted to the Official List of the London Stock Exchange on 14 December 2011.

For the period in review, the results were in line with our expectations, providing revenue in the Q4 period of £3.56 million and profit of £0.58 million.

Separately disclosed items

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

Acquisition Expenses	**(£0.39m)**
Restructuring credit/costs	**£0.66m**
Intangible amortisation	**(£0.28m)**
IFRS 2 charge	**(£0.23m)**
Total	**(£0.24m)**

The Acquisition expenses relate to the legal and accountancy fees incurred as part of the due diligence process required in the purchase of PSEP. The Restructuring credit of £0.66 million comprises £0.84 million of provision releases in respect of onerous leases, which have been surrendered with potential liabilities up to 2017. The costs in relation to this had previously been provided and separately disclosed. This was offset by £0.18 million costs incurred to close one of our sites in the USA; the majority of which relate to redundancies and an onerous lease.

Interest and interest cover

Net interest costs have increased in the year to £0.63 million (2011: £0.55 million) due largely to the Acquisition Term Loan taken out by TR Asia Investment Holdings Pte. Ltd ("TR Asia") to part fund the PSEP acquisition.

Net interest cover (which is defined as EBITDA to net interest, before one-off separately disclosed items) improved to 10.4 times (2011: 9.5 times) despite the increase in gross debt.

PERFORMANCE AND STRATEGY

Finance Review continued

Pictured: Carolyn Emsley, Peter Callender, Lyndsey Case, Mark Belton, Maria Johnson, Mim O'Brien and Jon Gibb

Taxation

Taxation in the period amounted to £1.60 million, an Effective Tax Rate ("ETR") of 33.6% (2011: 34.9%); however, the ETR was affected by disallowable tax costs in relation to the acquisition of PSEP, the surrender of onerous leases in the UK and the closure costs of one of our sites in the US. Before these one-off tax disallowable costs, the normalised ETR would have been 27%, while the Group's blended tax rate based on geographical tax regimes was 20%.

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

Balance sheet and funding

At 31 March 2012, total Shareholder equity amounted to £53.49 million (2011: £42.85 million), an increase of 24.8%; this increase reflects the Group's profitability during this period and an injection to part fund the PSEP acquisition of £8.00 million (£7.18 million net of expenses).

Property, plant and equipment in the year increased by £6.21 million to £13.29 million, predominantly due to the fixed assets acquired in December 2011 with PSEP (£4.53 million relates to property and £1.92 million to plant & machinery). Intangible assets also increased by £1.33 million, largely as a result of the PSEP acquisition; £0.82 million in relation to intangible customer relationships acquired and which are to be amortised over 12 years and £0.73 million relating to goodwill. The provisional fair value of net assets acquired with PSEP was £14.21 million.

Whilst stock, debtors and creditors have increased accordingly due to the PSEP acquisition, stock weeks have largely remained constant at 22.1. (2011: 22.0). Debtor days remain strong at 70 (2011: 73). Total bad debts were low at £0.08 million which predominantly related to the exposure to SAAB following it filing for bankruptcy. Total provisions have reduced year-on-year by £1.49 million; £0.53 million was utilised during the year, and £0.96 million was released largely due to the surrender of onerous lease provisions at sites in the UK. Although the surrender of these onerous leases will impact cash flow in the first half of the financial year ending March 2013, in the long term, it will save Group cash flow overall.

During the year, a £7.48 million five-year Term Loan supplied by Development Bank of Singapore ("DBS") to TR Asia Investment Holdings Pte Ltd was taken out to part fund the PSEP acquisition; this attracted a fixed interest rate of 3.14% per annum and contributed to Gross debt at 31 March 2012 increasing to £20.21 million (2011: £14.28 million).

Year-end net debt was £8.41 million (2011: £7.14 million), an increase of £1.27 million. If we were to exclude PSEP's net cash position and the effect of funding the acquisition, the underlying net debt at the end of the period would have been significantly lower at £3.76 million, a reduction of £3.38 million and reflecting the positive cash generation made by the Group during the period. Gearing remains low at 15.7% (2011: 16.7%).

The Group's Banking facilities as at 31 March 2012 consisted of:

- a Term Loan which has £1.00 million outstanding and will be fully repaid by 31 December 2012;
- an Asset Based Lending ("ABL") facility of £15.80 million, of which £11.80 million is utilised; this has a three-year term which expires in February 2013.

The Directors have made appropriate enquiries and are satisfied that the Company is likely to be able to extend or replace its current facilities, as they come up for renewal.
The Group continues to trade well within its banking covenants.
Group net cash balances at 31 March 2012 were £11.80 million (2011: £7.14 million), of which £8.03 million were held in foreign currencies (2011: £6.26 million). This increase is due to PSEP, where the majority of its cash balances are held in Malaysian Ringgits.

> "It is pleasing to report that during the year, we have improved net margins from 3.6% to 4.4%"

Cash flow

Cash generation continues to be a key focus for the TR operations, to provide sufficient cash reserves for reinvestment back into the overall business. Cash flow generated from operating activities before tax was strong at £4.42 million compared to £1.05 million cash used in the previous financial year. This has been achieved mainly by an improving EBITDA performance.

Net proceeds after expenses from the Equity Placing (announced in November 2011) amounting to £7.18 million and the Acquisition Term Loan of £7.48 million were used to fund the acquisition of PSEP and the other associated costs.

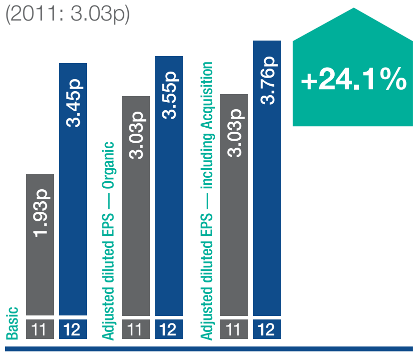
Capital expenditure in the year was £0.65 million, more than double the previous financial year (2011: £0.30 million). The investment covered improvements to operational facilities for the benefit of personnel and extended manufacturing capabilities in Asia.

The Group continues to be prudent with cash but remains mindful of its objective to invest to increase Return on Capital Employed ("ROCE"). Last year, we witnessed a significant improvement in ROCE from 2.4% in 2010 to 8.7% in 2011. After taking into account PSEP, on a 12-month pro rata basis, ROCE improved further to 11.3% at 31 March 2012.

Earnings per share
Adjusted diluted Eps

3.76p

(2011: 3.03p)



Earnings per Share

The adjusted diluted Earnings per Share ("EPS") which in the Directors' opinion best reflects the underlying performance of the Group, has increased significantly by 24.1% to 3.76 pence (2011: 3.03 pence). Basic Earnings per Share has increased by 78.7% to 3.45 pence (2011: 1.93 pence).

Dividend

The Directors' focus since the Board changes in 2009 has been on capital growth through investing in the business and increasing ROCE, but the restoration of a yield and the Board's desire to return to a progressive dividend policy has remained very important to the Directors who committed to all stakeholders that this would be addressed at the earliest opportunity.

To underpin the confidence the Management has in the future development and success of the business, it is with pleasure that the Board will be recommending a return to a Dividend stream. Subject to Shareholder approval at the Annual General Meeting which is to be held on 20 September 2012, a final dividend of 0.5 pence (net of tax) per Ordinary share will be paid on 18 October 2012 to Shareholders on the Register at the close of business on 29 June 2012. The Ordinary shares become ex dividend on 27 June 2012.

People

At Trifast we continue to closely monitor and operate stringent financial controls around the businesses, and I would like to acknowledge the dedicated teamwork, initiatives and support that both Group and the Finance teams around the Globe provide not only to me but to the operational business units and I look forward to working with them over the coming year to deliver further progress and efficiencies.

Summary

Whilst uncertainty in the world markets remains, the Directors are encouraged by the progress the enlarged business is making through enhanced capabilities and the opportunities afforded to us to rebuild supply partnerships, and build on and win new business. We are optimistic that with the opportunities that lie ahead, the Group will continue to make good progress both commercially and strategically throughout 2012/13.

18 June 2012

PERFORMANCE AND STRATEGY

Managing the Business

Managing Risk & Challenges

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

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

Organisational & Operational

Personnel

The Group's employees are its key asset as their skills and commitment provide the solid foundation that is important in delivering our future plans and long term success.

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

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

Quality and manufacturing procedures

The Group operates stringent "Total Quality Management" ("TQM") procedures and measures its performance.

TR manufactures around 30% of its inventory, the balance being sourced from strategic manufacturing partners. Like key customers TR regularly visit manufacturing operations to ensure that high standard operating procedure guidelines which cover production, security, logistics and quality are being adhered to.

Financial

Currency

The business is exposed to currency movements relating to sales, purchases and cash borrowings particularly against the US Dollar and the Euro. Currently, as far as practicable, TR operationally hedges, will monitor exchange rates and buy & sell currencies in order to minimise its exposure. It is also reviewing instruments available through its banking partners to reduce the Group's open exposure to foreign exchange rates.

Working capital & stocks

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

Customer Failure and Debtor exposure

The business operates very tight controls on debtors and working capital. Monitoring systems in place assist in highlighting and managing debtor defaults and customers' trading; the impact of these controls is reflected in the reported Accounts which show less than 4% Group exposure in balances overdue.

External

Macro economics

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

The Group has benefited from the re-stocking cycle during 2010/11. Historically, whilst the distribution/ manufacturing sectors bear the affect of destocking in tough and challenging economic periods, TR protects itself to some extent from this by differentiating itself through "added value" capabilities, such as, high levels of service, design & engineering support, customer partnerships and working practices.

The Global Sales team and the Group's purchasing strategy provides TR with the opportunity to secure a larger market share despite a possible repeated reduction in overall market size. For example as we indicated last year, should another economic downturn be experienced across the world and TR was to secure as a much as 1% of the global market it would see £500m sales, so growth aspirations continue to be legitimate.

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

The Group is exposed to raw material price increases in relation to steel, plastics and fuel. TR is able to monitor costs effectively and has the ability to pass on cost increases to customers, although in the current markets there can be a "lag" as old stocks and contracts feed through and new supply prices take effect.

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

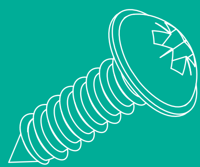
TR's Key Performance Objectives

- Increase Revenue, organically and acquisitively
- Increase profitability
- Ongoing margin enhancement
- Maintain positive cash generation
- Increase Return on Capital Employed
- Broadening the skills of management and staff

Fastenings
www.trfastenings.com
www.trfastenings.com

Take a Look Inside

Contents



Industry Awards

Philips

TR was awarded the Philips Hamilton Lighting Supplier of the Year Award 2011. TR was also recently awarded the European and Asian contract to supply fastenings to the Philips Lighting/Luminaries divisions including selected Consumer Lifestyle facilities and related subcontractors. Philips used TR scores from its Global Supplier Rating System (GSRS) for judging criteria. GSRS allows Philips to monitor supplier performance and identify "best fit" suppliers who add the most value using an objective and measurable criteria. TR scored 93 per cent in the ratings for 2011 but have gone on to increase this figure to 98 per cent for January 2012.

Lear

TR was awarded the Lear Corporation's "Supplier of the Year Award" which was presented to TR at Lear's headquarters in Southfield, Michigan, USA in March 2012. The 10 winning firms honoured by the Lear awards were selected from more than 2,000 companies worldwide. TR was recognised for consistently meeting the Lear Corporation's demands in customer service, quality and delivery and increasingly participating in Lear's standardisation process for fasteners. TR Fastenings has been named as the "Preferred Global Supplier" of fasteners to the Lear Corporation, securing new Programs to be supplied by the TR Group with new business opportunities from the US manufacturer over the next five years.

IR Society Annual Best Practice Awards 2011

www.trifast.com

Trifast received the Best Corporate Website: Small Cap and AIM at The IR Society Best Practice Awards in November 2011. The TR Board is committed to providing the best investor communication programme that time and its resources allow and through working in partnership with progressive, committed and professional providers and advisers in the industry.

TAKE A LOOK INSIDE

Business Innovation and Development

Principle activity and investments in this area have centred on increasing Trifast's product offering, enhancing quality and service capability and compliance to changing regulations on environmental and health & safety requirements.

The Group's manufacturing has been significantly enhanced by the acquisition of **PSEP**, increasing the capacity of both size and complexity of fasteners and components made.

State-of-the-art non contact measuring equipment has been purchased for PSEP since being added to the Group to ensure the utmost accuracy in measuring first articles prior to mass production. This approach of preventing error at the outset of the product's life cycle is consistent with the Company's goal of consistently delivering zero incidents for customer production.

This $50,000 investment followed the earlier introduction of computer aided tooling design software. This not only speeds up the design process but also eliminates error and tooling modifications.

DID YOU KNOW?

11,000 tons of material is used globally by TR
Waste is cleaned, sold and recycled

All the Group manufacturing units operate rigorous quality control monitoring during the production process. However, to ensure customer production is not impacted by the presence of mixed or malformed parts, electronic automatic vision sorting machines are employed to 100% guarantee screws, specials and nuts to be correct to specification.

SFE, Trifast's specialised maker of automotive parts in Taiwan, has ordered a 10mm diameter 4 die 4 blow cold forging machine. This $100,000 investment expands SFE's capacity to make more complex and larger parts in response to customer demand. Developing the theme of preventing errors at the outset; within the UK a New Project Introduction (NPI) has been created to ensure the smooth implementation of New Projects. This, in conjunction with the use of specific approved vendors, ensures efficiency and enhanced customer service.

Regarding the environment, legislation has been amended so that ROSH compliance now requires proof by due diligence that Hexivalent Chrome is not present in plated products. TR Fastenings has invested in the capability to test stock items to this newly required compliance.

TR Fastenings is currently launching three new product lines; a new range of sheet metal fasteners for Europe, a range of spacers and hardware for electronics and thirdly, a wide range of plastic fasteners and cable management products.

Pictured: Lancaster Fastener Co Ltd

Finally, we need to acknowledge Lancaster's logistics capability.

Lancaster Fastener Co, well known for its extremely wide range of fastener products, has developed a low cost and effective delivery process to European customers within three days. Using the same model, fastener customers in the USA are now being offered the same service. This sales channel solely to distributors provides an equal to, if not better, service than currently exists within the sector.

Geoff Budd
TR Europe Managing Director

TR — 40 years of Innovation

2013 will be a landmark year for TR Fastenings as it celebrates 40 years at the forefront of the fastenings distribution and manufacturing business.

A Great British invention is the **Binx** Nut, originally designed in the 1960s. The Binx Nut has been refined and developed by TR Fastenings to an all-metal, self-locking nut suitable for use in various industry sectors. Dimensionally, no bigger than a standard full nut, the Binx Nut's ingenious design incorporates two opposing cantilevers which lock with inward and downward pressure minimising thread wear and enabling the nut to be removed and replaced repeatedly whilst retaining torque resistance. Binx Nuts are also unaffected by temperature fluctuations or contaminants. Available in a number of different materials and sizes, the Binx Nut is the first choice for many, especially where vibration resistance is a priority.

Another of TR Fastenings' key developments is the **Swage** Nut, a sheet metal product developed in the late 1990's aimed at giving flexibility. Dimensionally the same as a standard self clinch nut, however it is installed the same way as a Hank rivet bush. This combination allows manufacturers to use the Swage Nut in a number of different materials, and can be easily replaced.

Developing Electric Vehicle Technology

TR — proud sponsors of Weald Electric Vehicle Technology

Phil Edwards trained as an apprentice technician engineer in Sussex, and has worked in design, development, production engineering, and manufacturing roles for over 30 years. He has been involved in production work, bespoke and customised products, and prototype design and build.

In 2005 Phil became a self-employed manufacturing advisor working on lean manufacturing, value-engineering and process improvement projects as well as a number of cost-reduction projects for major organisations across all sectors. In 2010 he combined a hobby of restoring motorcycles with a growing interest in low-carbon technology and set out to build an electric-powered drag-race motorcycle. Calling on a number of valuable industry contacts he designed and built a motorcycle that broke the record (held by Kingston University) for the fastest recorded standing-start ¼ mile time in the UK.

The bike was well received by the industry winning an Innovation Voucher and the Gold award in the Engineering category at the 2011 Green Apple Awards for Environmental Improvement. Both Phil and the bike have featured in print, online, and broadcast media. He is a regular attendee at eco and motorcycle shows with the bike and his road-going electric-conversion that he rides regularly, and often talks to motorcycle clubs at social events.

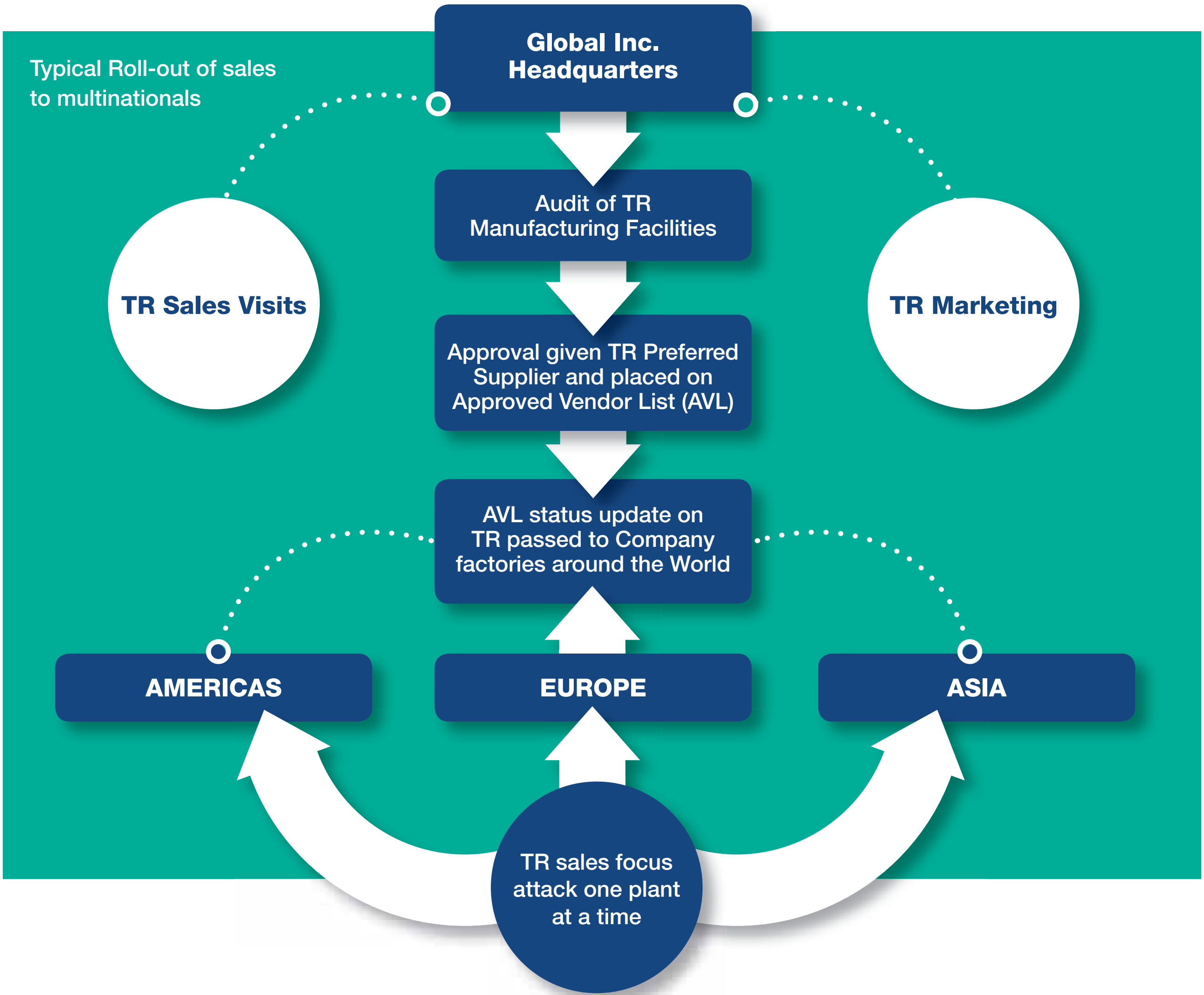
Weald Technology are corporate members of Motorcycle Action Group (MAG), the Institute of Engineering and Technology (IET), the Low Carbon Vehicle Partnership (LowCVP), and the Electric Motorcycle Industry Association (EMCIA). He sits on the "technical" and "regulatory" working groups for EMCIA.

To find out more go to www.weald-evt.co.uk

TAKE A LOOK INSIDE

Global Sales

"Trifast now has established a stronger international profile and reputation which will be further enhanced by the ambitious activities of our international sales teams going forward"



Group Sales

My synopsis at the end of the final year in our three-year recovery plan is that we have succeeded in achieving our objectives. This is despite everything the global economy and natural disasters have done to complicate business life. The work that was put in last year on margin improvement continued, and again we are pleased with the results that are being achieved, whilst acknowledging that we must strive to do even better going forward.

We are seeing the benefits of the Sales team restructuring, the clear definition of the Industry sector splits and specialists that focus on these areas. Aligning key vendors and our own manufacturing production to these sectors has been essential, and instrumental in many of the successes we have had. We measure the conversion rate on quotations through a Company wide enquiry portal and have seen a marked progressive increase. This has been significant in Europe by accounting for an increase in sales of 10% during the year most notably, in the Automotive sector through Nissan, Jaguar Land Rover, Honda and Toyota Tier1 vendors. These builds generally have a six-year program life and the future continues to look very bright for this sector where we have won high value contracts that will start in 2013.

Automotive has marginally overtaken the previously dominant sector Electronics for the first time in Trifast history. As a result, because of the enhanced demands on service and quality eg “zero incident mentality”, we have had business process improvements that will devolve benefit across the rest of our customer base and to the Company as a whole. The methodology of the sales approach has become increasingly technical and engineering driven, as we are now invited to become more involved at design level which, in turn, leads us to being utilised as the “experts” in our field. A technical background will be a key factor in any future sales recruitment as applications engineering becomes the main ‘door opener’ to industrial high volume assemblers.

The Electronics sector represents 23% of the Group turnover, and we continue to focus on the multinationals that require a complete service package from design to Vendor Managed Inventories (VMI) deliveries. We have an excellent global footprint, and this is another major attraction for our strategic customers whose KPI’s often include vendor reduction, and TR’s product and customer service offering has ensured that we can handle a very wide basket of products-so assisting them in attaining this goal . A key part of the development strategy for this sector is working at Corporate level with the design teams either in the USA, Central Europe or Taiwan. Approval on a part then goes global and TR is specified within the supply chain from the beginning.

We have launched over 6,000 new parts to enhance the TR proprietary product offering to the UK commercial sales teams, branded **TR Direct**, supplying smaller customers with guaranteed next day delivery items.

This has proved to be a success, and has enabled us to develop an entirely new range of customers who buy on a day to day basis within the UK at sustainable margins.

An essential project launched earlier in the year has been the restructuring of our resources and business strategy now required in the USA. As a result of closing the Phoenix and Boston sites we enlarged our new Houston hub which is now in a prime position to service many of our key global electronics customers headquartered in the Austin and Dallas area, as well as being close to the border with Mexico-which is being increasingly considered as the low cost assembly alternative option to China by many American multinationals. This move has already returned TR Inc. to profitability, and we will build on this by offering the sourcing/logistics facilities to American based Tier 1’s who are asking us to manage the same parts in the USA as we already supply to their satellite plants in Europe and Asia.

The Group Marketing Team has been more closely aligned to our sales activities, and are now partnered with the Strategic Sales Team that operates globally. There has been renewed participation in specialised trade exhibitions, which this year were in India, Thailand, Germany, Sweden and the UK, and with our increased PR activity securing articles in prominent technical magazines, we have considerably broadened our scope to reach targeted audiences on **TR Branded** products. The increasingly important website content is being upgraded with the aim to have more technical and advisory data and information availability, which we anticipate will develop a heavier customer preference for turning to TR for their fastener needs.

So what does this year hold for us?

I am confident that our broadened and intensified market activities over the last three years will continue to satisfy our ever demanding corporate ambitions, and that we will once again fly in the face of what certainly the media projects as an adverse market. For example, we have major new business wins not yet at SOP (Start of Production) stage that will commence supply and invoicing in the coming year. Our enhanced product ranges will gain momentum and progressively increase revenue and margin. Automotive development in Asia is a key focus for this year stimulated with the acquisition of Power Steel in Malaysia now providing an enhanced product offering. We have previously focused on the cockpit of the car eg. seating, IP console, door trim, air bag assembly. Now we can supply safety critical parts such as engine bolts, steering and brake components, and more complex higher grade parts that are in high demand in this region. This gives us a much more holistic approach with our main areas of focus being China, Malaysia and Thailand.

We are indeed all looking forward to the challenge!

Glenda Roberts
Group Sales Director

TAKE A LOOK INSIDE

Asian Manufacturing

"Once again, I would like to thank all the Asia Regional Managers and their respective teams for their resilience and hard work during the challenging year, to deliver yet another year of solid performance"

Asia

TR Asia has registered growth despite challenges from the impact of the devastating earthquake in Japan and flooding in Thailand. Revenue grew by 13.4% against the previous year and operating profit has increased by 17.5%. The ability to cushion the impact of such disasters, we believe, can be attributed to a well-diversified business as well as the tireless efforts of a very motivated team of managers around Asia.

TR Asia currently has six manufacturing plants with the combined capacity up to 6 billion parts per year. It employs more than 500 people in ten locations across six Asian countries: Singapore, Malaysia, China, Taiwan, India and Thailand. Its main competitive advantage is its ability to produce low-cost products of a consistently high quality, due to a highly trained workforce at all sites.

Looking in brief at our sites:

TR Singapore has once again performed well as the manufacturing flagship of Trifast, bringing in 42% of TR Asia's sales revenue. Despite high manufacturing costs, TR Singapore has excelled because of the demand for zero ppm and top quality parts, which few competitors have been able to supply. Due to its strategic location and the advantageous Singaporean tax system, TR Singapore is responsible for business development around the region. It has already set up offices in India and Thailand to service existing customers and to seek new accounts. TR Singapore has started doing business in other countries in the region, such as Philippines, Korea, Vietnam, and Japan.

TR Taiwan has also done well, charting profit growth of 15% against the previous year. Business has grown steadily for two consecutive years after the end of the global financial crisis. TR Taiwan's customers are mainly distributors in USA and Europe, with the bulk of the products for automotive use.

TR Malaysia has had a very challenging year. As its biggest customer is Japanese with huge exposures in Fukushima, orders slowed down dramatically after the earthquake and tsunami. Despite this setback, TR Malaysia has stayed in the black and has maintained the highest profit margin level within the Group.

DID YOU KNOW?

10 billion parts sold globally, up to 6 billion parts manufactured by TR Asia

TR China has also had a very challenging year: as the telecommunications sector experienced a slowdown in 2011, TR China's biggest customer had almost completely lost its market share. However, business is expected to improve as it has now established many new accounts. The winning of new multi-national accounts remains a top priority and we are fortunate now to be working closely with the TR Global sales team to build our position.

TR PSEP was acquired in December 2011; PSEP is a full-fledged automotive fastener manufacturer. Under the leadership of industry veteran Charlie Foo, we expect to see PSEP grow in the coming years, capitalising on opportunities available in Malaysia and beyond. Immediate opportunity has already arisen, such as the localisation exercise of the second largest car manufacturer in Malaysia.

Thomas Tan
Managing Director
TR Asia

Going forward . . .

We shall continue to adopt our success-proven three-pronged approach to grow our business:

- Growing existing accounts by acquiring new projects, and increasing market share;
- New business development through deployment of “hunters” to hunt for new accounts; and
- Expanding into new markets in Asia. As we already have a foothold in Singapore, Malaysia, China, Taiwan, India and Thailand, we are seeking opportunities in other countries in the region.

In addition, we are also undertaking the following approach:

- Working with TR’s Global team to acquire big multi-national accounts in USA and Europe which have assembling facilities in Asia. This is crucial to the rate of growth of business here in Asia.
- Expanding sales to the global automotive market, leveraging on the manufacturing capabilities of PSEP in Malaysia and SFE in Taiwan.
- Looking out for niche acquisition targets in Asia that will fit into Trifast’s growth strategy.

Once again, I would like to take this opportunity to acknowledge and thank all the Asia Regional Managers, Endy Chin (Singapore), Phua Yong Sang (China), Wilson Chen (Taiwan), HK Tan (Malaysia), Charlie Foo (PSEP Malaysia), and their respective managers for their resilience and hard work during the challenging year, to deliver yet another year of solid performance.

Group Marketing

INSIDE TR

Spring 2012

LEAR & PHILIPS AWARD TR 'SUPPLIER OF THE YEAR'

MALCOLM DIAMOND SCOOPS CHAIRMAN OF THE YEAR AWARD

TR BREWS UP WITH NESPRESSO

WHO ARE POWERSTEEL MALAYSIA?

EURO RIVET RUSH

TR PRODUCTS HELP BUILD BIKE OF THE FUTURE

20 YEARS OF VMI

Our Group Marketing team, works in partnership around the Business, both at home and overseas, designing and distributing multilingual material to support local market activities as well as internal news publications that help to keep our people informed about new business wins, exhibitions plus job functions and profiles of colleagues around the Globe. In addition they work with management and external agencies on projects that assist the profiling of the business both commercially and for all stakeholders.

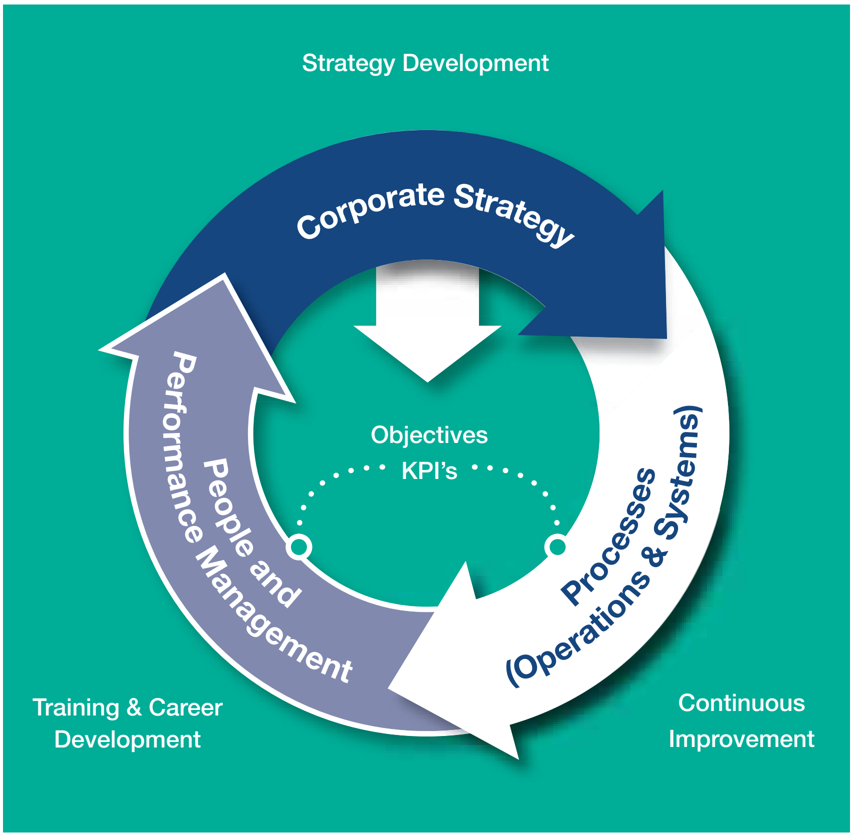
During the year, TR attended a number of trade events which helped to underpin the strength of the TR brand and its global capabilities.

Six months after the launch of TR’s free online web resource for design engineers, TR has grown its base of registered users to over 33,000 and now hosts designers and engineers from nearly 150 countries as diverse as Vanuatu and the Vatican City. These new web tools represent a large investment, but building them was a logical step for TR as a fastener specialist providing unique levels of technical and engineering support for our customers.

Pictured from left to right: Natalie Hussey, Abi Burnett and Anjanita Eldridge

Operations, HR & IT

As the Company moves into the next phase of its growth with the "World of Opportunity" that lies ahead of us, it is essential that we ensure our people and processes are more than capable of rising to and meeting these challenges. It is also important that we have complete congruence with our corporate, process and employee objectives & goals. To this end, we have been focussing on two major initiatives that will provide this platform and ultimately a clear organisational competitive edge.



Process — "*Continuous Improvement*" Programme Opportunities

We are currently engaged in a "value assessment" project that is focused on identifying Process Improvement Opportunities that are clearly aligned to and complement the corporate strategy and objectives.

Several small virtual teams consisting of Corporate Executives ('C' level) and Key Process Users have been set up to concentrate and focus on a specific area of process functionality. They have then participated in mapping, targeting and planning workshops. In arriving at the improvement opportunities they have also clearly linked each opportunity to a current corporate objective.

The outcomes of their separate Improvement ideas will then be financially modelled to identify the requisite priority of each improvement ideas and/or cross functional themed ideas.

This will then lead to the delivery of Profit Driven "*Continuous Improvement*" Programme that will also contribute to the development of future strategy.

HR — Performance Management & Training

2011 saw the successful introduction of the new core HR system across the UK, Europe and the USA.

The system provides a high degree of self-service for employees allowing them to view and amend their personal details, request holidays and other leave and complete return to work forms after a period of absence. This has allowed the Board to obtain up to the minute, accurate information and produce reports on all aspects of people management from one source.

The Performance Management module has recently been added to the system and all employees across the UK, Europe and the USA are being trained in its use.

"2011 saw the successful introduction of the new core HR system across the UK, Europe and the USA"

Operations continued

"All employee objectives that are set have to be matched to one of our stated corporate objectives. As an organisation we believe that the initiatives outlined clearly demonstrate a 'joined up thinking' approach to our strategy"

The system comprises a new competency framework highlighting the core skills and behaviours that are considered important to the development of not only the individuals employed within the business but the development of the business itself.

The Core Competencies are:

1. Professional and Ethical Standards
2. Communication
3. Customer Service
4. Self-Motivation
5. Decision Making
6. Creativity and Innovation
7. Leadership
8. Managing and Developing Staff
9. Project Planning
10. Strategic/Operational Planning

Every employee has competencies 1-6 and those with team leader or management responsibility have the additional four added to their personal development record.

The Performance Management system comprises three elements:

- Employee self-assessment where the employee is asked to review the previous years' objectives and training activities, rate themselves against the core competencies relevant to their position and to consider their training & development needs for the coming year by browsing the training courses available
- Manager assessment where the manager is asked to do the same as the employee as well as thinking of personal objectives for each of their team which link to the corporate objectives of the Company
- Performance review meeting where both employee and their line manager come together to discuss and agree comments on the previous years' performance and agree the personal objectives and training activity for the coming year

The system will enable a full training needs analysis to be obtained which will allow a full analysis of training requirements and the prioritisation of the training budget. It will also enable each employee to be fully aware of how their job contributes to the overall objectives of the Company. All employee objectives that are set have to be matched to one of our stated corporate objectives.

Conclusion

As an organisation we believe that the initiatives outlined clearly demonstrate a 'joined up thinking' approach to our strategy. We believe this will also herald a culture of sustainable high performance both from our people and processes and that our future strategy development will become more of an iterative process where ideas will flow to and from our people and processes through their own development and improvement ideas and opportunities.

Seamus Murphy
Director of Operations, HR & IT

DID YOU KNOW?

TR's combined industry experience:
Main Board — 160 years
and
Colleagues across the Globe — 12,000 years

Apprenticeship Scheme

The Apprenticeship Programme at TR was re-launched in 2011. "TR Ambassadors" joined HR Adviser, Helen Toole at Uckfield Community Technology College where they presented TR to a group of students studying business related subjects at either AS or A level.

In addition to TR's manufacturing apprentice, our first business apprentice Jade Wickham started with us in September 2011. She commenced a two-year programme that will see her spend three months in each of the departments in the business. Apprentices are kept under constant review with regard to their progress but the review undertaken in May 2012 sums up how beneficial the scheme can be to both the apprentice and to the Company as a whole. An extract from the review is included below:

'Jade has already spent time in Administration/Human Resources, in the Warehouse and in Quality Assurance and nothing but glowing reports have been received from the managers of those departments.

Jade felt that Administration and Human Resources was a good place to start and here she learnt the basics of the business, increasing her confidence in answering the telephone and learning how to multi-task.

The time Jade spent in the Warehouse gave her a good grounding of all the working practices within it and she even implemented a change to the layout of the picked bin items in order to save time. Jade also went out with one of the drivers and has seen first-hand how and where our products are used.

Jade loves Quality Assurance and understands how the quality systems work and loves the investigation side of the role and the understanding needed for technical drawings, finishes and materials.

She is looking forward to joining Sales in July and understands the great opportunity that the Apprenticeship has provided for her to learn as much as she can about business. She works hard, is committed and not afraid to ask questions to develop her learning.'

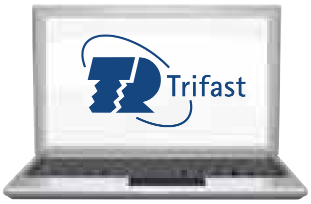
Jade Wickham
Business Apprentice

Helen Toole
HR Adviser

In March 2012, a similar presentation at the College was held and as a result, two additional business apprentices and one logistics apprentice were taken on in July 2012; they will follow similar programmes spending time in each of the departments of the business and attending an NVQ training programme resulting in a nationally recognised qualification.

The Apprenticeship programme has been embraced by TR's departmental managers because it is seen as an exciting initiative to provide young people with the opportunity to gain practical work experience within a global organisation.

Our People around the World
Global Reach-Local Presence



www.trfastenings.com

DID YOU KNOW?

25 languages spoken fluently across the business so we can communicate with our customers 24/7

UK

Chris Robinson
Transactional Sales

DID YOU KNOW?

Our oldest employee is 77 years old and our youngest is 17 years old

Ireland

Lisa O'Keeffe
Internal Sales Supervisor

USA

Joe Haymes
Strategic Business Accounts Manager

twitter

twitter.com/trfastenings

facebook

www.facebook.com/trfastenings

LinkedIn

www.linkedin.com/company/tr-fastenings

DID YOU KNOW?

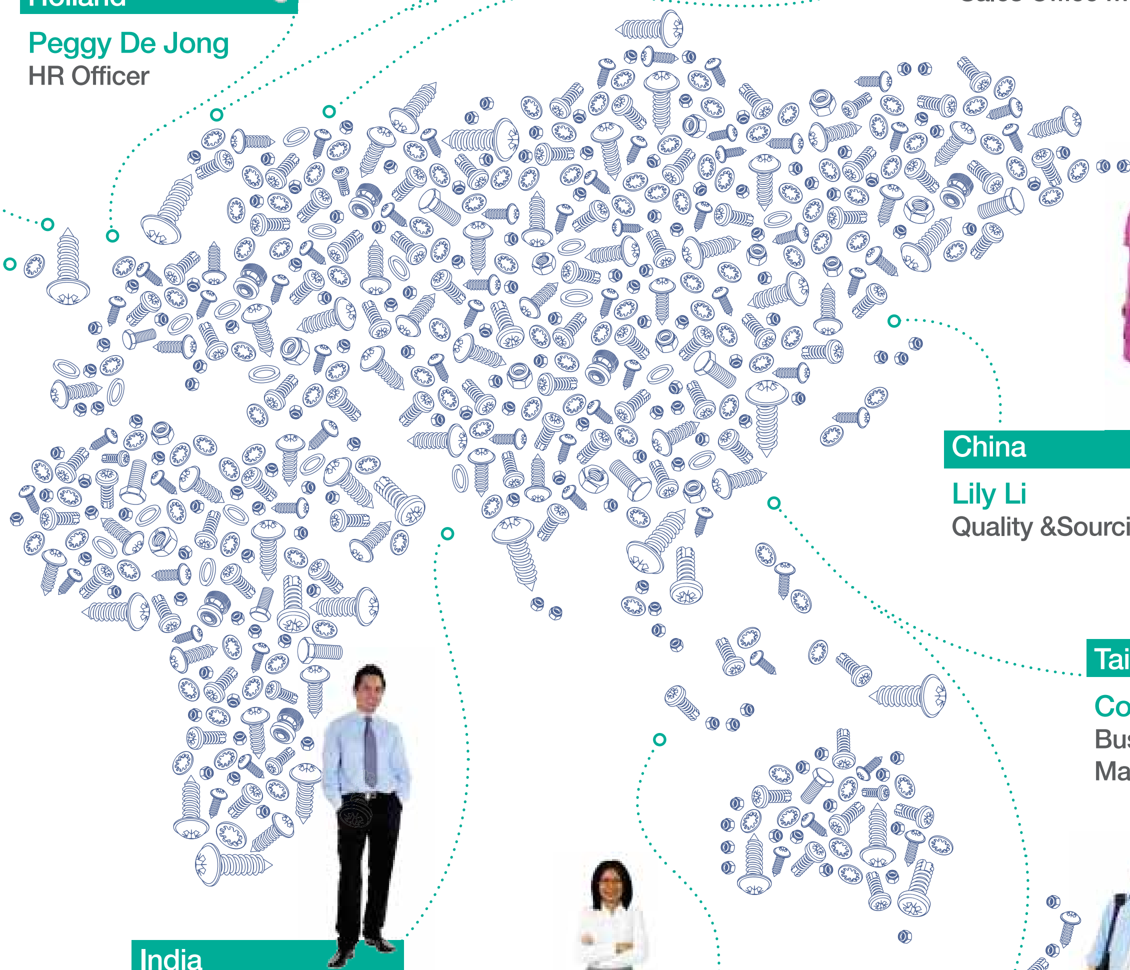
We have years of long service. Over 50% of UK and European staff have been with TR for at least 10 years

Norway
Kari Overvik
Sales Team Leader

Holland
Peggy De Jong
HR Officer

Sweden
Anders Peterson
Business Development Manager

Hungary
Laszlo Hollofi
Sales Office Manager



China
Lily Li
Quality &Sourcing Manager

Taiwan
Cosette Wang
Business Development Manager

India
Victor Cheong
India Country Manager

Malaysia
Ah Sian
Senior Manager Corporate Affairs

Asia
Dominic Heng
Head of Sales


World Class Company
World Class R
crew Fasteners and Relat

Our Governance

Contents

Senior Management Team

UK

Sam Wilson
Managing Director
Lancaster Fastener Company
Length of Service: 31 years
Areas of expertise: Entrepreneurial leadership skills; extensive knowledge of the markets and dynamics; experienced in sales & marketing, purchasing, operational, worldwide and European logistics, quality, customer service and HR

Keith Gibb
Product Director
TR Branded Products
Length of Service: 22 years
Areas of expertise:
Marketing, sales, branded and general product knowledge, web development and B2B sales

Michelle Horscroft
Internal Sales Manager
TR Direct
Length of Service: 24 years
Areas of expertise:
Customer services – operational management

Dave Fisk
General Manager
TR Fastenings, Southern Region
Length of Service: 19 years
Areas of expertise:
Operational, purchasing & product Management

Steve Meiklem
General Manager
TR Fastenings, Northern Region
Length of Service: 20 years
Areas of expertise:
Purchasing & operations

Asia

Wilson Chen
TR Special Fasteners Engineering, Taiwan
Length of Service: 25 years
Areas of expertise:
Sales & production management

Endy Chin
General Manager
TR Formac, Singapore
Length of Service: 17 years
Areas of expertise:
Manufacturing, heat treatment & plating

HK Tan
General Manager
TR Formac, Malaysia
Length of Service: 20 years
Areas of expertise:
Manufacturing management

Charlie Y L Foo
Chief Operating Officer
PSEP, Malaysia
Length of Service: 40 years
Areas of expertise:
OEM sales and manufacturing

Phua Yong Sang
General Manager
TR Formac, China
Length of Service: 7 years
Areas of expertise:
General management; with over 20 years' experience in sales & marketing
Fluent in English, Mandarin and Japanese

Global

Chris Black
Sales Manager
TR Global Team — Automotive
Length of Service: 5 years
Areas of expertise:
Sales & marketing, operational management including global strategic automotive business development, global customer relationships & networking

Jeremy Scholefield
Director of Strategic Business
TR Global Team — Electronics
Length of Service: 12 years
Areas of expertise:
Global account management, strategic sales development, project management, commercial proposals, contracts, technical/engineering support, fastening solutions

Europe

Roberto Bianchi
Managing Director
TR Sweden and Group Director of Sourcing
Length of Service: 27 years
Areas of expertise:
Management & Organisational leadership skills: experienced in the development of sales & customer relationships, and sourcing & supplier partnerships
Fluent in: Swedish, Italian and English; additional skills in German, Spanish, Danish, and Norwegian

Ron Vlutters
Managing Director
TR Holland
Length of Service: 13 years
Areas of expertise:
Strategic sales and general management; fluent in Dutch, English and German

Jan Erik Storvse
General Manager, TR Norway
Length of Service: 15 years
Areas of expertise:
Product & transactional sales; experienced in Global project coordination & set up

Dara Horgan
General Manager
TR Southern Fasteners, Ireland
Length of Service: 18 years
Areas of expertise:
Financial, business & industry including logistics and staff management

Zoltan Csengeri
Location Head, TR Hungary
Length of Service: 8.5 years
Areas of expertise:
Electro-technician and Economist: fluent in Hungarian, Romanian, German, English and Italian

USA

Gary Badzioch
Operations Manager & Financial Controller
TR Fastenings Inc.
Length of Service: 4.5 years
Areas of expertise:
Finance, IT, HR & Operations

Dave Fisk
TR Southern Region

Steve Meiklem
TR Northern Region

Charlie Foo
PSEP Malaysia

Phua Yong Sang
China

Keith Gibb
TR Branded Products

Sam Wilson
Lancaster Fastener

Michelle Horscroft
TR Direct

HK Tan
Malaysia

Chris Black
TR Global Team

Jeremy Scholefield
TR Global Team

Jan Erik Storsve
Norway

Endy Chin
Singapore

Gary Badzioch
USA

Wilson Chen
Taiwan

Roberto Bianchi
Sweden

Zoltan Csengeri
Hungary

Ron Vlutters
Holland

Dara Horgan
Ireland

The Lead Team — Taking Responsibility

Malcolm Diamond MBE
Executive Chairman

Length of Service: total 30 years, re-appointed in 2009 as Chairman, formerly CEO for 20 years before retiring in 2002
Key areas of expertise: Sales & marketing, strategic planning & implementation, business development and investor relations
Other Directorships: Independent Director, Unicorn AIM VCT Fund and Chairman, Cathedral Works Organisation Limited
Committee membership: Nominations Committee and by invitation

Jim Barker
Chief Executive

Length of Service: total 21 years, re-appointed in 2009 after retiring as CEO in 2007
Key areas of expertise: extensive industry experience at domestic and international level including; global sourcing, purchasing & logistics, focus on Asian & European manufacturing and distribution
Other Directorships: Chairman, European Fasteners Distributors and Chairman, the British Association of Fastener Distributors
Committee membership: Nominations Committee and by invitation

Mark Belton
Group Finance Director & Company Secretary

Length of Service: 13 years; appointed to the Board in 2010
Key areas of expertise: all aspects of financial planning, reporting and controls at Group and operational levels; Company secretariat function
Committee membership: by invitation

Glenda Roberts
Group Sales Director

Length of Service: 22 years; appointed to the Board 2010
Key areas of expertise: Global sales & marketing, logistics & supply chain and Customer relationship management
Committee membership: by invitation

Geoff Budd
TR Europe Managing Director

Length of Service: 36 years; appointed to the Board in 1986
Key areas of expertise: extensive knowledge of the industry, European and Asian markets particularly in sales & purchasing, manufacturing and quality
Committee membership: by invitation

Seamus Murphy
Director of Operations, HR & IT

Length of Service: 16 years, appointed to the Board in 2010
Key areas of expertise: extensive industry experience including multisite distribution, quality, IT, finance, purchasing & operational planning
Committee membership: by invitation

Neil Chapman
Senior Independent Non-Executive Director

Length of Service: 3 years, appointed to the Board in 2009
Key areas of expertise: finance, audit, governance and compliance
Other Directorships: Group Finance Director, Endeavour Holdings Ltd, Managing Director, Rivervale Cars
Committee membership: Audit Committee (Chairman), Nominations Committee (Chairman) and Remuneration Committee

Jonathan Shearman
Independent Non-Executive Director

Length of Service: 3 years, appointed to the Board in 2009
Key areas of expertise: Investment Fund management, stockbroking & investment banking, IT and charitable foundations
Other Directorships: various charitable foundations
Committee membership: Remuneration (Chairman), Audit Committee and Nominations Committee

Thomas Tan
Managing Director
TR Asia

Length of Service: 17 years with TR; 33 years within the industry, appointed MD of Asia in 2009
Key areas of expertise: manufacturing & engineering, specifically in product development and cold forging technology; business management in diverse Asian cultures

Malcolm Diamond MBE
Executive Chairman

Mark Belton
Group Finance Director
and Company Secretary

Geoff Budd
Managing Director,
TR Europe

Jim Barker
Chief Executive

Seamus Murphy
Director of Operations,
HR & IT

Glenda Roberts
Group Sales Director

Thomas Tan
Managing Director, TR Asia

Jonathan Shearman
Independent Director

Neil Chapman
Senior Independent Director

OUR GOVERNANCE

Directors' Report

The Directors present their Directors' Report and financial statements for the year ended 31 March 2012.

Results and proposed dividends

Total Group revenue from continuing operations was £112.51 million (2011: £106.09 million) and the profit for the year before taxation was £4.76 million (2011: profit of £2.52 million). Underlying profit before tax for the Group was £5.00 million (2011: profit £3.77 million); see note 2 for breakdown.

The Directors recommend a final dividend of 0.50 pence net of tax (2011: nil pence) per ordinary share to be paid on 18 October 2012 to Shareholders registered at the close of business on 29 June 2012. This has not been included within creditors as it was not approved before the year end.

Principal activities and business review

The principal activity of the Group during the financial year has been that of the manufacture and distribution of industrial fastenings and category 'C' components.

A review of the business activity and future prospects of the Group are covered in the Chairman's and CEO's Statement and the Directors' Business Review. This includes that information to be included in the Directors' Report as required by the enhanced business review under s417 of the Companies Act 2006.

A balanced and comprehensive review of the development and performance of the Group and its position at the year end is given on pages 10 to 23. An analysis of key performance indicators is given on page 25.

A description of the principal risks and uncertainties facing the Group is discussed on pages 24 to 25.

A description of the main trends and factors likely to affect future development is given on pages 24 to 25.

Information on environmental and social issues is provided on pages 49 to 52.

The key assumptions underlying the going concern basis of preparation are included on page 71.

Annual General Meeting

The Annual General Meeting will be held on 20 September 2012 at Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Policy and practice on payment of creditors

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

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

The number of days' purchases in trade payables at the end of the financial year for the Company was 57 (2011: 57) and 61 (2011: 59) for the Group.

Directors and Directors' interests

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

Chairman

M M Diamond — (Executive Director)

Executive Directors

J C Barker — (Chief Executive Officer)
M R Belton — (Group Finance Director)
G P Budd
S V Murphy
G C Roberts

Independent Directors (Non-Executive)

N S Chapman — (Senior Independent)
J Shearman

The Directors' remuneration and their interests in share capital are shown in the Remuneration Report on pages 56 to 58.

Substantial shareholdings

Details of the share structure of the Company are disclosed in note 25.

As at 31 May 2012, the Company was aware of the following material interests, representing 3% or more of the issued share capital of the Company:

	No. of shares held	% of shares held
Henderson Global Investors	14,453,767	13.52
Michael C Timms	10,850,000	10.15
Schroder Investment Management Limited	10,652,536	9.97
Hargreave Hale Limited	9,238,938	8.65
AXA Framlington Investment Managers	7,090,000	6.63
Michael J Roberts	5,960,000	5.58
Universities Superannuation Scheme Ltd (USS)	4,248,618	3.98
River & Mercantile Asset Management	4,175,534	3.91
Hermes Investment Management Ltd	4,066,432	3.81
NFU Mutual	3,233,822	3.03

Corporate Governance

The Corporate Governance Statement on pages 53 to 55 should be read as forming part of the Directors' Report.

Takeover Directive

Where not provided elsewhere in the Directors' report, the following provides the additional information required to be disclosed as a result of the implementation of the Takeover Directive.

There are no restrictions on the transfer of Ordinary shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law). In accordance with the Listing Rules of the Financial Services Authority, certain employees are required to seek the approval of the Company to deal in its shares.

The Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of shares or on voting rights.

The rules governing the appointment and replacement of Directors are set out in the Corporate Governance Statement section of the Directors' report on pages 53 to 55. The Company's Articles of Association may only be amended by a Special resolution at a General Meeting of Shareholders.

The Company is a party to a number of banking agreements that, upon a change of control of the Company, could be terminable by the bank concerned.

Outside of the extension of certain Directors' rolling contract periods and notice periods (see page 58) there are no agreements between the Company and its Directors or employees which provide for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

Directors' Report continued

Employees

The Group has a policy of offering equal opportunities to employees at all levels in respect of the conditions of work. Throughout the Group it is the Board's intention to provide possible employment opportunities and training for disabled people and to care for employees who become disabled having regard to aptitude and abilities. Our Corporate Social Responsibility Statement can be found on our website www.trifast.com.

Regular consultation and meetings, formal or otherwise, are held with all levels of employees to discuss problems and opportunities. Information on matters of concern to employees is presented in the in-house letters and publications.

Financial Instruments

Information in respect of the Group's policies on financial risk management objectives including policies to manage credit risk, liquidity risk and foreign currency risk are given in note 27 to the financial statements.

Political and charitable contributions

During the year the Group made no political donations (2011: £nil) and various charitable contributions totalling £1,907 (2011: £29,544).

Disclosure of information to Auditors

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

Auditors

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

By order of the Board

Mark Belton
Company Secretary

Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Company registered number: 1919797

18 June 2012

Corporate Social Responsibility

Introduction

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

Our key Group topics embrace health & safety, energy consumption within our properties, fleet vehicle fuel consumption and emissions, wasteful packaging, personnel travel, flexibility for staff compassionate leave (combined with pastoral care), ethical sourcing and supply chain freight logistics.

As we indicated last year, there is an increasing number of multinational customers who now include CSR audits when inspecting and validating potential new suppliers; therefore, our responsibility to further develop our own CSR activities is continuing and extending beyond business ethics, environmental and community to include essential major customer compliance.

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

TR has also been successful in re-building former close links with local schools and colleges in order to promote opportunities for work experience, classroom seminars, pupil and staff visits and to generally foster a better level of understanding between us as potential employers and the future providers of possible applicants for employment. This in turn has been our main resource for recruiting school leavers into our new Apprenticeship scheme, which by March 2012 resulted in five youngsters being employed under a two-year NVQ Business studies programme at TR Uckfield. Jim Barker, our CEO established the UK Apprenticeship scheme last year in conjunction with Uckfield Community Technical College-together we identified students (who had completed 'A' levels but could not or would not be seeking a University Degree course) and gave them the opportunity to join TR and undertake an Apprentice Scheme. We fully subscribe to the Government initiative that aims to support and encourage businesses to offer apprenticeship schemes, especially at a time when the financial and career prospects for graduates continues to be tough for young people. Whilst TR is proud of its very low staff turnover there remains the need to ensure that we encourage a steady inflow of "new blood" into our Company that can be trained at an early age to learn our systems, ethics and business culture.

Business Ethics

We expect all of our business activities to be conducted in accordance with high standards of ethical conduct and full compliance with all applicable national and international laws. We, in turn, apply these standards to all dealings with customers, suppliers, employees and other stakeholders. Our Code of Business Ethics and Responsible Behaviour provides a guide to the way we achieve our business goals, helping us to behave in an open and ethical manner. This extends to provisions for "whistleblowing" whereby employees may report suspected wrongdoings in confidence. Appropriate ethical behaviour is reviewed as part of the Group's performance appraisal process.

We have extended this Code to our vendors/suppliers. This requires our key strategic suppliers to work towards achieving, as a minimum, standards covering such issues as the environment, employee health & safety and the prohibition of child labour, which through business reviews and visits, encourages compliance and good practice within our supply chain. We will do our utmost to contract only with sub-contractors or suppliers who themselves adhere to international human rights and environmental laws and practices. Trifast commits to monitor the ethical performance of its key suppliers and to taking immediate steps in cases where the ethical performance of its key suppliers comes into question.

All key suppliers to the business are required to agree and sign our comprehensive "Quality and Sustainability Agreement" before entering into a trading relationship with TR. This agreement fully covers the suppliers Business Ethics, Health & Safety and Environmental Management with regard to national and international laws (including labour and ethics) along with submission of their written policy and contact details of the persons responsible within their organisation. We also encourage suppliers to support their local communities and expect evidence of this to be available on request, plus we require all suppliers to sign a separate CSR Statement.

Corporate Social Responsibility continued

Health & Safety

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

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

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

The Managing Directors/General Managers ensure regular inspections and annual internal audits of health & safety performance and also have regular designated health & safety training. These audits have been successfully reinforced by the use of the British Safety Council.

Our health & safety performance and significant risk exposures are reviewed regularly by management and the Board. We have now introduced a reportable accident free target period of one million working hours as a result of being encouraged by our current excellent safety record.

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

Environment

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

- In respect of waste management specifically, we use the services of an external professional agency to manage and monitor activities using health check compliance audits and advice on data collection systems. Promoting recycling, we follow the agency's recommendation for appropriate waste disposal.

- Group performance and risk reviews are undertaken via Management Review on a regular basis and reported directly to Jim Barker, Chief Executive who has Main Board responsibility for the Group's Environmental Risk Policy. Trifast will communicate any significant environmental impact with third parties on request.

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

- Our Logistics Managers are also continuously reviewing the efficiency of our van delivery routes in conjunction with customers in order to examine opportunities to reduce delivery frequency, and where appropriate, to outsource 'far flung isolated' routes to daily delivery freight specialists. This has resulted in our UK van fleet being reduced from 41 to 30 since March 2009 — this has delivered significantly reduced mileage, costs and carbon emissions reduction.

- The Bellbrook Park office and warehouse facility completed the part-overhaul authorised last year of its 22-year old heating and air conditioning plant; this was completed on budget and as we indicated last year the capital cost will be recouped in energy savings within four years, greater than first anticipated.

DID YOU KNOW?

The introduction of video conferencing systems around the business by our Operations Director has significantly reduced costs and 'lost time' from staff travel needed in a multi-site operation involving 31 business teams located in 16 countries

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LEE FRAWLEY
www.leefrawley.co.uk

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SPONSORSHIP OF 7-8 YEAR OLDS
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'SNACK IN A BOX AND CHARITY SWEETS'
Macmillan's

OAKTREE FARM
RURAL PROJECT
www.oaktreefarm.uk.net

EMILY STARBUCK
Race for Life

The Business and the Community

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

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

Employees

Trifast continues to aim at attracting, retaining and motivating the highest calibre of employees within a structure that encourages their development and initiative. Employees are provided with ongoing learning and development opportunities that are aligned to the Group's strategic and business units' objectives and formal personal development programmes operate where linked to the Group's objectives. All of these processes are reinforced with appropriate remuneration incentives and are on recognised systems.

As investors are aware, since 2009 our staff have endured reorganisation in management and changes within some of our business teams to help regain profitability and productivity with extreme resilience and positivity. This underlines the Directors' admiration and confidence in the quality of character of so many of our people.

OUR GOVERNANCE

Corporate Social Responsibility continued

This in turn, has seen us enhance our HR resources including professional managers and the investment in an IT system dedicated to providing an all round HR tool to each staff member for their future training, personal development and support services.

Communications

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

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

During the year, the Chief Executive, Chairman and other Main Board Directors undertook "**The TQM Tour**", re-introduced last year.

The TQM initiative involves a visit to each English-speaking business location at least once a year in order to interact with the staff and to update them on the progress of the Group by explaining the Board's objectives and the business performance in some detail, and encouraging open dialogue, questions and feedback on all aspects of the business and its plans.

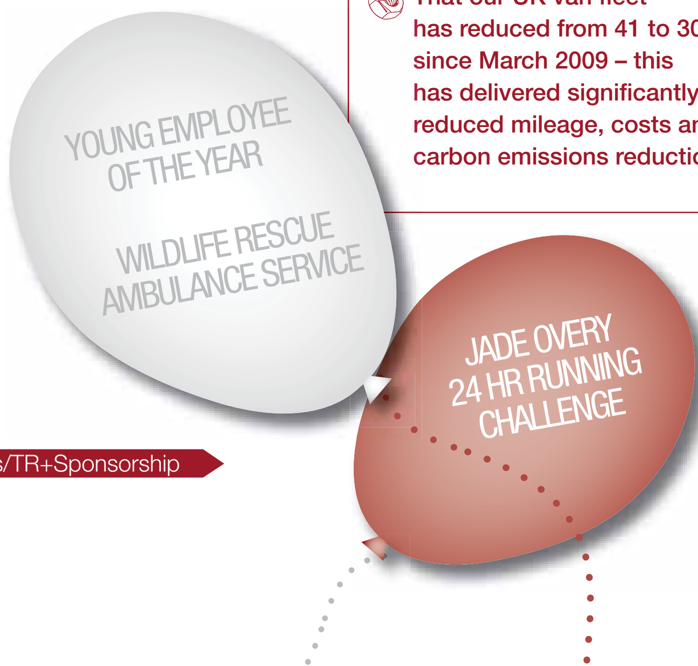
To find out more go to www.trfastenings.com/pages/TR+Sponsorship

"Good environmental practice and the impact that our operations have on the environment are of great importance to Trifast"

From this once again we have been able to work with our staff and ensure that as a team we create the right environment to develop our people and overall productivity.

DID YOU KNOW?

That our UK van fleet has reduced from 41 to 30 since March 2009 – this has delivered significantly reduced mileage, costs and carbon emissions reduction



Corporate Governance

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

The Board acknowledges Malcolm Diamond is a non-independent Executive Chairman which does not comply with the requirements of section C.3.1 of the Corporate Governance Code. However, the Board believes that given Mr Diamond sits as Chairman and as a Non-Executive in other companies, his experience from these appointments and his previous knowledge of Trifast is invaluable and can best be delivered through the position of Chairman.

The Company has applied the principles set out in Section 1 of the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below and in the Directors' Remuneration Report.

The structure of the Board and its standing committees is as follows:

The Board

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

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

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

All Independent Non-Executive Directors have the authority to meet with Shareholders without first seeking approval from the Chief Executive or the Chairman.

The Board met 11 times during the period with attendance as follows:

M M Diamond	11
J C Barker	11
M R Belton	11
G P Budd	11
S V Murphy	11
G C Roberts	9
N S Chapman	11
J Shearman	11

Upon appointment the Directors are required to seek election at the first AGM following appointment. All Directors are required to submit themselves for re-election at regular intervals and at least every three years.

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

The Independent Non-Executive Directors have full access to the external Auditors and to management and there is a formal procedure for Directors to obtain independent professional advice in the furtherance of their duties should this be necessary. All Directors have access to the advice and services of the Company Secretary.

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

The Board meets a minimum of five times a year, and is supplied as early as practical with an agenda and appropriate papers. Further ad hoc meetings of the Board are held as and when required. Directors are appointed by the Board on recommendation from the Nominations Committee. The Board monitors the financial performance of the Group, and approves and reviews major projects and acquisitions. The Board has formally adopted a schedule of matters which are reserved to the Board for decision, thus ensuring that it maintains control over appropriate strategic, financial, organisation and compliance issues.

The Board undertakes annual evaluation of its own performance and that of its Committees using questionnaires and continues to train and evaluate Senior Managers below Board level in order to maintain its continuous succession policy.

The Board has delegated specific responsibilities to Committees, as described on page 54.

Corporate Governance continued

The Audit Committee

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

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

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

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

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

The Remuneration Committee

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

The Nominations Committee

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

Shareholder relations

The Group's website www.trifast.com is regularly updated to ensure that Shareholders are fully aware of the Group's activities. The Group's Registrar, Computershare, is also linked to the Trifast website and offers services for the Shareholders.

The Group also works with City Specialists to ensure all levels of Shareholders receive Trifast information, such as:

Arden Partners plc— Broker to the Company: Institutional Fund Managers
TooleyStreet Communications: Investor Relations, Analysts, Private Client Brokers and Media
Edison Investment Research: Investment Research available on the Trifast website

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

Going concern

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

Internal control

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

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

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

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

- The safeguarding of assets against unauthorised use or disposition.
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The key elements of the system are as follows:

- Full detailed reviews of the business risks undertaken as part of the ongoing day-to-day procedures of the business.
- An organisational structure with clearly defined lines of responsibility and delegation of authority.
- Group policies for financial reporting, accounting, financial risk management, information security, capital expenditure appraisal and Corporate Governance are all well documented.
- Detailed annual budgets and rolling forecasts are prepared for all operating units and reviewed/ approved by the Board.
- Performance against budget is monitored closely and material variances are reported to the Board on a monthly basis. Rolling forecasts are updated quarterly and reviewed accordingly.
- The control system is operated with the full co-operation of all Company Directors. Risk assessments are done at all levels from local divisional right up to the Main Board with the summaries all being fed up to the Main Board for review.
- The Audit Committee deals with any significant control issues raised by the external Auditors.
- Well structured reporting lines to the Board. There is a formal schedule of matters specifically reserved for decisions by the Board.
- Investment approval, controlled by the budgetary process with authorisation levels in place. Any single capital expenditure over £20,000 goes to the Board with detailed written proposals and financial analysis of expected returns.

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

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

Directors' Remuneration Report

(Information not subject to audit)

The Directors present the Remuneration Report for the year ended 31 March 2012. This Report has been prepared in accordance with Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the regulations"). The Auditors are required to report on the "auditable" part of this Report and to state whether, in their opinion, that part of the Report has been properly prepared in accordance with the Companies Act 2006 (as amended by the regulations). The Report is therefore divided into separate sections for audited and unaudited information. In accordance with schedule 18 of the Companies Act, this Report has been approved by the Board for approval by Shareholders at the forthcoming Annual General Meeting.

Statement of Compliance

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

Remuneration Committee

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

The Committee is composed entirely of Independent Non-Executive Directors. Members have no day-to-day involvement in the running of the business and no personal financial interest in the Company other than that of Shareholders. No Executive Director sits on the Committee. The Remuneration Committee is formally constituted with written Terms of Reference. A copy of the Terms of Reference is available to Shareholders by writing to the Company Secretary whose details are set out on IBC of the Report and Accounts.

The Committee had three meetings during the year. All members of the Committee at the time attended each meeting.

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

The Committee consults with the Company Secretary regarding issues on areas of remuneration and Corporate Governance. With regard to senior Executives in the Company (excluding Board Directors), the Committee also takes advice from the Executive Board.

Remuneration Policy

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

Actual remuneration to the Directors is shown in the table on page 60.

Components of Remuneration Package

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

Base Salary

The policy of the Committee during the year ended 31 March 2012 was to set base salaries around the lower quartile of an appropriate comparator group.

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

- Objective research based on a review of the remuneration in UK quoted companies with similar corporate attributes
- Experience and responsibilities of each Executive Director
- Pay and conditions throughout the Group

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

Benefits

In line with other companies, potential benefits are provided in the form of a Company car (or car allowance), private medical insurance, permanent health insurance, critical illness cover and life cover up to a maximum 13.33 times earnings at date of death. This life cover provides a benefit in the form of a four times salary lump sum and a balance to buy a spouse's annuity. The provision of these benefits is in line with market practice.

Pension

Geoff Budd, Mark Belton, Glenda Roberts and Seamus Murphy are members of the Company's non-contributory pension plan. This is an HMRC approved defined contribution scheme. The rate of Company contribution to this scheme is 20% of basic salary.

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

Annual Bonus Payment

In 2011, due to the improved financial performance of the Company, the Committee felt it appropriate to implement a bonus scheme as part of overall executive compensation. This has been continued into 2012 with an ongoing desire to balance the fixed and variable performance related compensation for the Executive Directors.

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

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

The 2012 bonus scheme is therefore based on the premise of rewarding exceptional performance measured by reference to the earnings of the Group before interest and tax.

The 2012 bonus is capped at 100% of base salary with maximum payouts only for achieving exceptional performance. The Committee assessed that performance in 2012 justified a payout of 35% for each Executive Director participating in the scheme. In addition to this, the Committee decided that the contribution of certain Board Members in sourcing and completing the acquisition of PSEP warranted a further discretionary bonus.

As in 2011, Geoff Budd did not participate in the bonus scheme. However, having considered his contribution and increased level of responsibilities during the year, the Committee has awarded him a discretionary bonus of £30,000.

For the year ending 31 March 2013 the Committee intends to use the same underlying parameters and for the maximum amount payable to remain at 100% of base salary.

Long-term Incentives

Following approval at the 2005 Annual General Meeting, the Company introduced a long-term incentive arrangement known as the Trifast plc 2005 Long Term Incentive Plan ("LTIP"). Awards under the LTIP were delivered in the form of conditional share awards which were to be released in three years dependent on continued employment and the satisfaction of demanding performance targets.

Full details of the awards held by Executive Directors under the LTIP at the start of the year are contained in the audited section of this Report on page 60.

All Company Directors who held LTIPs waived their right to these rewards during 2011.

The Executive Directors may also participate in the Trifast Savings Related Share Option Scheme that is open to all UK employees and is HMRC approved. The Scheme offers three, five and seven-year savings contracts which provide an option to purchase shares after maturity at a discount to the share price on the date the contract is taken out (the maximum discount is 20% of mid-market price).

Directors' Remuneration Report continued

Contracts

a) Executive Directors

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

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

* 12 months in the event of a change in control.

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

The dates of the Executive Directors' contracts are:

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

b) Independent Non-Executive Directors

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

N S Chapman	24 March 2009
J Shearman	1 July 2009

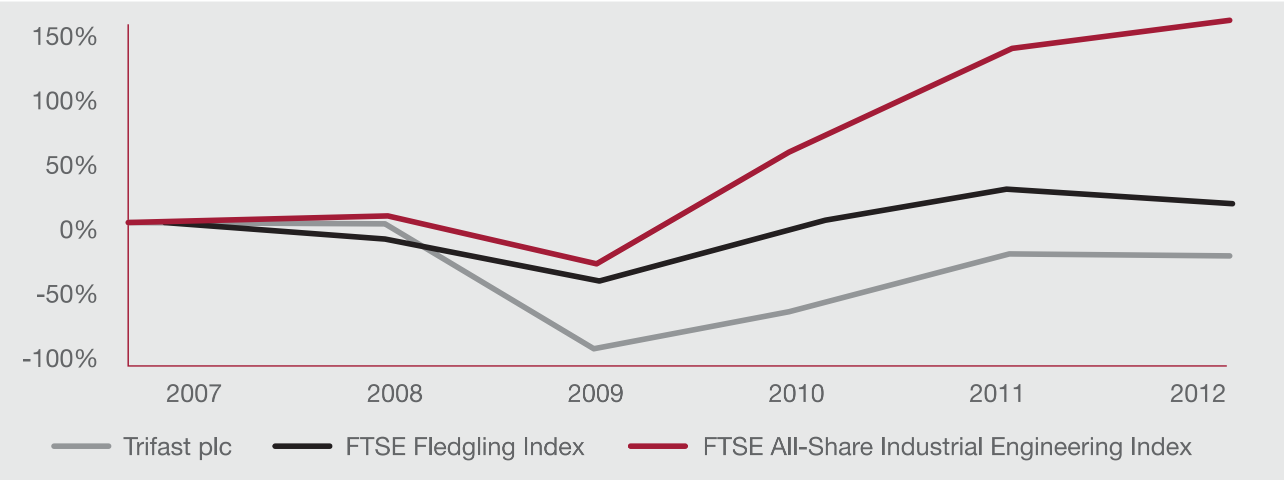
All Independent Non-Executive Directors have three-month notice periods (six months in the event of a change in control) and no contractual termination payments.

Their remuneration is not performance related and is not pensionable. The only other payments made to them are mileage allowances at HMRC rates and expenses for items incurred during the fulfilment of their roles.

c) Performance graph

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

Total Shareholder Return from March 2007 to 2012



The Remuneration Report (including accompanying notes) was approved by the Board of Directors on 18 June 2012 and was signed on its behalf by:

Jonathan Shearman
Remuneration Committee
18 June 2012

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

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

Number of shares

	Interest at end of year	Interest at beginning of year
M M Diamond	533,800	493,800
J C Barker	573,229	473,229
M R Belton	15,183	1,669
G P Budd	272,982	245,955
S V Murphy	54,054	—
G C Roberts	29,307	2,280
N S Chapman	885,000	635,000

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

There were no non-beneficial interests.

The Directors retiring by rotation are Mark Belton, Seamus Murphy, Glenda Roberts and Neil Chapman who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

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

Number of options

	Date granted	Option Price £	At 31 March 2011	Options granted in the year	Options cancelled in the year	At 31 March 2012
M M Diamond	30 Sept 2009	0.085	2,000,000	—	—	**2,000,000**
J C Barker	30 Sept 2009	0.085	2,000,000	—	—	**2,000,000**
M R Belton	30 Sept 2009	0.085	500,000	—	—	**500,000**
	SAYE Options	0.170	53,382	—	—	**53,382**
G P Budd	30 Sept 2009	0.085	500,000	—	—	**500,000**
	SAYE Options	0.170	53,382	—	—	**53,382**
S V Murphy	30 Sept 2009	0.085	200,000	—	—	**200,000**
G C Roberts	30 Sept 2009	0.085	250,000	—	—	**250,000**
N S Chapman	30 Sept 2009	0.085	150,000	—	—	**150,000**

No other Director has share options.

The options granted on 30 September 2009, are exercisable between September 2012 and September 2019 at an exercise price of £0.085 per share. These can only be exercised when the Company's share price has reached a minimum of £0.51 maintained as an average over the three-month period preceding the Notice of Exercise; and the Company has achieved a minimum of 10% Return on Capital Employed (defined as underlying EBIT over Shareholders Funds and Net Debt). For 2012 ROCE was 11.2% adjusted for 12 months of Power Steel and Electro-Plating Works SDN Bhd (PSEP) (2011: 8.7%).
The market price of the ordinary shares at 31 March 2012 was £0.45 (2011: £0.46) and the range during the year was £0.37 to £0.51 (2011: £0.23 to £0.53).

OUR GOVERNANCE

Notes to the Directors' Remuneration Report continued

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

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

LTIP Awards over shares of 5p each

At 31 March 2012, no Director of the Company held any LTIP awards.

Directors' Remuneration

MARCH 2012 Name	Fees £000	Salaries £000	Benefits in kind £000	Bonus £000	Subtotal £000	Pension £000	Total £000
Chairman							
M M Diamond	—	190	13	67	270	—	270
Executive Directors							
J C Barker (CEO)	—	220	13	94	327	—	327
M R Belton (GFD)	—	130	13	62	205	26	231
G P Budd	—	150	14	30	194	30	224
S V Murphy	—	120	13	42	175	24	199
G C Roberts	—	120	12	42	174	24	198
Independent Non-Executive Directors							
N S Chapman	48	—	—	—	48	—	48
J Shearman	42	—	—	—	42	—	42
Totals	90	930	78	337	1,435	104	1,539

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

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company, and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU and applicable law, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its subsidiaries included in the consolidation taken as a whole; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Mark Belton
Group Finance Director and
Company Secretary

OUR FINANCIALS

Independent Auditors' Report

to the Members of Trifast plc

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

We have audited the financial statements of Trifast plc for the year ended 31 March 2012 set out on pages 64 to 110. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This Report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 61, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2012 and of the Group's profit for the year ended; and
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU; and
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

- Under the Companies Act 2006 we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our Audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our Audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 61, in relation to going concern;
- the part of the Corporate Governance Statement on pages 53 to 55 relating to the Company's compliance with the nine provisions of the 2010 Corporate Governance Code specified for our review; and
- certain elements of the report to Shareholders by the Board on Directors' remuneration.

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

18 June 2012

Our Financials

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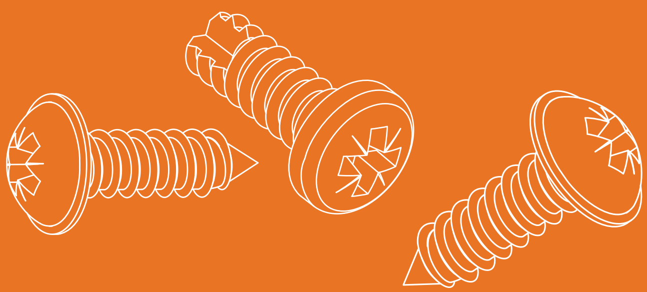
Consolidated Statements

Notes (forming part of the Financial Statements)



OUR FINANCIALS

Consolidated Income Statement

for year ended 31 March 2012

Continuing operations	Note	2012 £000	2011 £000
Revenue	4	**112,510**	106,089
Cost of sales		**(83,680)**	(79,368)
Gross profit		**28,830**	26,721
Other operating income	5	**209**	207
Distribution expenses		**(2,220)**	(1,941)
Administrative expenses before separately disclosed items		**(21,190)**	(20,660)
IFRS 2 charge	2, 23	**(227)**	(189)
Intangible amortisation	2, 13	**(281)**	(261)
Acquisition expenses	2	**(391)**	—
Restructuring credit/(costs)	2	**656**	(801)
Total administrative expenses		**(21,433)**	(21,911)
Operating profit	6, 7, 8	**5,386**	3,076
Financial income	9	**42**	27
Financial expenses	9	**(669)**	(581)
Net financing costs		**(627)**	(554)
Profit before tax	2, 4	**4,759**	2,522
Taxation	10	**(1,597)**	(879)
Profit for the period (attributable to equity Shareholders of the Parent Company)		**3,162**	1,643
Earnings per share (total)			
Basic	26	**3.45p**	1.93p
Diluted	26	**3.25p**	1.83p

Statements of Comprehensive Income

for year ended 31 March 2012

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Profit/(loss) for the year	3,162	1,643	(799)	6,932
Other comprehensive income:				
Foreign currency translation differences	(27)	832	–	–
Other comprehensive income recognised directly in equity net of income tax	(27)	832	–	–
Total comprehensive income recognised for the year (attributable to the equity Shareholders of the Parent Company)	3,135	2,475	(799)	6,932

OUR FINANCIALS

Consolidated Statement of Changes in Equity

for year ended 31 March 2012

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

Consolidated Statement of Changes in Equity

for year ended 31 March 2011

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

Company Statement of Changes in Equity

for the ended 31 March 2012

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

Company Statement of Changes in Equity

for year ended 31 March 2011

	Share Capital £000	Share Premium £000	Merger Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 1 April 2010	**4,262**	**12,167**	**1,521**	**(2,589)**	**15,361**
Total comprehensive income for the year:					
Profit for the year[1]	—	—	—	6,932	6,932
Total comprehensive income recognised for the year	**—**	**—**	**—**	**6,932**	**6,932**
Transactions with owners, recorded directly in equity					
Share-based payment transactions	—	—	—	189	189
Total transactions with owners	**—**	**—**	**—**	**189**	**189**
Balance at 31 March 2011	**4,262**	**12,167**	**1,521**	**4,532**	**22,482**

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

Statements of Financial Position

at 31 March 2012

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Non-current assets					
Property, plant and equipment	11, 12	13,292	7,078	2,510	2,566
Intangible assets	13, 14	17,869	16,540	—	—
Equity investments	15	—	—	33,551	28,074
Deferred tax assets	16, 17	1,256	1,980	361	240
Total non-current assets		32,417	25,598	36,422	30,880
Current assets					
Stocks	18	30,517	25,116	—	—
Trade and other receivables	19	26,295	24,828	1,152	858
Cash and cash equivalents	20, 27	12,612	7,142	1,081	373
Total current assets		69,424	57,086	2,233	1,231
Total assets	4	101,841	82,684	38,655	32,111
Current liabilities					
Bank overdraft	20, 27	814	2	5,042	4,064
Other interest-bearing loans and borrowings	21, 27	14,520	13,283	999	1,333
Trade and other payables	22	23,035	20,625	3,439	3,232
Tax payable		1,420	1,054	—	—
Provisions	24	1,157	615	—	—
Total current liabilities		40,946	35,579	9,480	8,629
Non-current liabilities					
Other interest-bearing loans and borrowings	21, 27	5,688	1,000	—	1,000
Provisions	24	882	2,916	—	—
Deferred tax liabilities	16, 17	837	344	—	—
Total non-current liabilities		7,407	4,260	—	1,000
Total liabilities	4	48,353	39,839	9,480	9,629
Net assets		53,488	42,845	29,175	22,482
Equity					
Share capital		5,343	4,262	5,343	4,262
Share premium		18,263	12,167	18,263	12,167
Reserves		9,804	9,831	1,521	1,521
Retained earnings		20,078	16,585	4,048	4,532
Total equity		53,488	42,845	29,175	22,482

These financial statements were approved by the Board of Directors on 18 June 2012 and were signed on its behalf by:

Malcolm Diamond
Director

James Barker
Director

Statements of Cash Flows

for year ended 31 March 2012

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Cash flows from operating activities					
Profit/(loss) for the year		3,162	1,643	(799)	6,932
Adjustments for:					
Depreciation, amortisation and impairment		1,043	1,346	56	57
Financial income		(42)	(27)	(2)	(1)
Financial expense		669	581	90	156
Loss on sale of property, plant and equipment and investments		(14)	(7)	—	—
Dividends received		—	—	(874)	(1,972)
Investment impairment reversal		—	—	—	(6,200)
Equity settled share-based payment charge		227	189	156	155
Taxation		1,597	879	(33)	(335)
Operating cash inflow/(outflow) before changes in working capital and provisions		6,642	4,604	(1,406)	(1,208)
Change in trade and other receivables		600	(4,068)	(135)	573
Change in stocks		(1,663)	(4,683)	—	—
Change in trade and other payables		331	4,165	206	2,019
Change in provisions		(1,492)	(1,069)	—	—
Cash generated from/(used in) operations		4,418	(1,051)	(1,335)	1,384
Tax paid		(678)	(630)	(87)	—
Net cash from/(used in) operating activities		3,740	(1,681)	(1,422)	1,384
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		272	7	—	—
Interest received		42	27	2	1
Acquisition of subsidiary, net of cash acquired	3	(10,455)	—	—	—
Increase in subsidiary investment	15	—	—	(5,477)	—
Acquisition of property, plant and equipment	11, 12	(653)	(298)	—	—
Dividends received		—	—	874	1,972
Net cash (used in)/from investing activities		(10,794)	(264)	(4,601)	1,973
Cash flows from financing activities					
Proceeds from the issue of share capital		7,177	—	7,177	—
Proceeds from new loan	21, 27	7,483	4,724	—	—
Repayment of long-term borrowings	21, 27	(2,276)	(2,544)	(1,334)	(2,544)
Payment of finance lease liabilities	21, 27	(52)	—	—	—
Interest paid		(669)	(581)	(90)	(156)
Net cash from/(used in) financing activities		11,663	1,599	5,753	(2,700)
Net change in cash and cash equivalents		4,609	(346)	(270)	657
Cash and cash equivalents at 1 April	20	7,140	7,420	(3,691)	(4,348)
Effect of exchange rate fluctuations on cash held		49	66	—	—
Cash and cash equivalents at 31 March	20	11,798	7,140	(3,961)	(3,691)

Notes (forming part of the Financial Statements)

1 Accounting policies

a) Significant accounting policies

Trifast plc ('the Company') is a company incorporated in the United Kingdom. The registered office details are on page IBC.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The Parent Company financial statements present information about the Company as a separate entity and not about its Group. The loss after tax for the Company is £0.80 million (2011: profit of £6.93 million).

Statement of Compliance

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

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

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

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

- IFRS 3, Business Combinations;
- IFRS 7, Financial instruments: Disclosures;
- IAS 1, Presentation of Financial Statements;
- IAS 34, Interim Financial Reporting;
- IAS 27, Consolidated and Separate Financial Statements.

IFRS not yet applied

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

- IFRS 9, Financial Instruments;
- IFRS 10, Consolidated Financial Statements;
- Disclosures — Transfers of Financial Assets and Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7);
- IFRS 11, Joint Arrangements;
- IFRS 12, Disclosure of Interests in Other Entities;
- IFRS 13, Fair Value Measurement;
- IAS 19, Employee Benefits;
- IAS 12, Income Taxes, subject to EU endorsement;
- IAS 1, Presentation of Financial Statements, subject to EU endorsement;
- IAS 27, Consolidated and Separate Financial Statements, subject to EU endorsement;
- IAS 28, Investment in associates, subject to EU endorsement;
- IAS 32, Financial instruments: presentation, subject to EU endorsement; and
- IAS 24, Related Party Disclosures (revised 2009).

1 Accounting policies continued

b) Basis of preparation

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

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

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

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 32.

A review of the business activity and future prospects of the Group are covered in the Chairman's and CEO's Statement and the Directors' Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review. Detailed information regarding the Group's current facility levels, liquidity risk and maturity dates are provided in note 27.

Current trading and forecasts show that the Group will continue to be profitable and generate cash. The banking facilities and covenants that are in place provide appropriate headroom against our forecasts.

The repayment schedule of the Company term loan was extended in November 2010 and is to be repaid by 31 December 2012. The Asset Backed lending facility (max. £15.80 million) has a three-year term which expires in February 2013 and discussions with our existing Bankers confirm that they have no reason not to continue in the ordinary course of business to provide funding facilities to the Company on the current basis. The Asian term Loan of £7.5 million (S$15.1 million) taken out in December 2011 to facilitate the purchase of PSEP is due for repayment in December 2016. Current forecasts show that the Group has sufficient liquidity and headroom to continue to operate within these facilities.

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

c) Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

d) Foreign currency

(i) Foreign currency transactions

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

(ii) Financial statements of foreign operations

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

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

e) Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity in the translation reserve. The ineffective portion is recognised immediately in the income statement. The effective portion is recycled and recognised in the income statement upon disposal of the operation.

f) Property, plant and equipment

(i) Owned assets

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy l).

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 April 2004, the date of transition to Adopted IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of transition.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates are as follows:

Freehold and long leasehold buildings	— 2% per annum on a straight-line basis or the period of the lease
Short leasehold properties	— period of the lease
Motor vehicles	— 20–25% on a straight-line basis
Plant and machinery	— 10–20% per annum on a straight-line basis
Fixtures, fittings and office equipment	— 10–25% per annum on a straight-line basis

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

1 Accounting policies continued

(iii) Leased assets

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

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

(iv) Subsequent costs

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

g) Intangible assets

(i) Goodwill

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

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

Goodwill arising on acquisitions before 1 April 1998 was written off to reserves in the year of acquisition. Under IFRS 1 and IFRS 3, this goodwill will now remain eliminated against reserves. Goodwill arising on acquisitions after 1 April 1998 but before 31 March 2004 is included on the basis of its deemed cost, which represents the amortised amount recorded under UK GAAP as at 31 March 2004. The classification and accounting treatment of business combinations that occurred prior to 1 April 2004 has not been reconsidered in preparing the Group's year end balance sheets.

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

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

(ii) Other intangible assets

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

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

(iii) Subsequent expenditure

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

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

(iv) Amortisation

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

The amortisation rates of other intangibles are as follows:

Customer relationships	— 8.3% to 12.5% per annum

h) Investments in subsidiaries

Investments in subsidiaries are held in the Company balance sheet at historic cost net of any impairment.

i) Trade and other receivables

Trade and other receivables are stated at their fair value, and subsequently at cost less impairment losses (see accounting policy l).

j) Stocks

Stocks are stated at the lower of cost and net realisable value with provision being made for obsolete and slow-moving items. In determining the cost of raw materials, consumable and goods purchased for resale, a first in, first out purchase price is used and includes expenditure incurred in acquiring the stocks and bringing them to their existing location and condition. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads based on normal operating capacity.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents only for the purpose of the statement of cash flows.

l) Impairment

The carrying amounts of the Group's assets, other than stocks (see accounting policy j), and deferred tax assets (see accounting policy t), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy l(i)).

Financial assets are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

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

1 Accounting policies continued

(i) Calculation of recoverable amount

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

(ii) Reversals of impairment

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

m) Share capital — Dividends

Dividends to the Company's Shareholders are recognised as a liability and deducted from Shareholders' equity in the period in which the Shareholders' right to receive payment is established.

n) Interest-bearing borrowings

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

o) Employee benefits

(i) Defined contribution plans

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

(ii) Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Parent Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using Black–Scholes, Binomial lattice and Monte Carlo models, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. IFRS 2 has been applied, in accordance with IFRS 1, to equity settled share options granted after 7 November 2002 and not vested at 1 April 2005.

(iii) Termination benefits

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

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

p) Provisions

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

(i) Restructuring

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

(ii) Dilapidations

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

(iii) Onerous contracts

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

q) Trade and other payables

Trade and other payables are stated at cost.

r) Revenue

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

s) Expenses

(i) Operating lease payments

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

(ii) Finance lease payments

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

(iii) Net financing costs

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

1 Accounting policies continued

t) Taxation

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

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

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

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend. Information as to the calculation of income tax on the profit or loss for the period presented is included in note 10.

u) Operating segment reporting

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

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

v) Financial guarantee contracts

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

w) Earnings per share

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

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

x) Underlying measure of profits and losses

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

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

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

It should be noted that the definitions of underlying items being used in these financial statements are those used by the Group and may not be comparable with the term 'underlying' as defined by other companies within both the same sector or elsewhere.

Separately disclosed items are included within the income statement caption to which they relate.

y) Separately disclosed items (see note 2)

Separately disclosed items are those significant items which in management's judgement should be highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

2 Underlying profit and separately disclosed items

	Note	2012 £000	2011 £000
Underlying profit before tax		**5,002**	3,773
Separately disclosed items within administrative expenses			
IFRS 2 share-based payment charge		**(227)**	(189)
Intangible amortisation	13	**(281)**	(261)
Acquisition expenses		**(391)**	—
Restructuring credit/(costs)		**656**	(801)
Profit from continuing operations before tax		**4,759**	2,522

The acquisition expenses refer to costs: predominantly legal and accountancy fees in relation to due diligence required in the recent purchase of the Malaysian company Power Steel & Electro-Plating Works SDN Bhd (PSEP) in December 2011.

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

The 2011 restructuring costs of £0.80 million include £0.63 million in relation to moving our Chinese manufacturing plant in Suzhou out from the Free Trade Zone into local premises of one of our Strategic Alliance Partners. The remaining £0.17 million refers to 'Right sizing' our portfolio of properties within the UK.

3 Acquisition of subsidiary

On 14 December 2011, the Group acquired all of the ordinary shares in Power Steel & Electro-Plating Works SDN BHD (PSEP) for a maximum consideration of £14.94 million, satisfied in cash of £13.49 million at date of acquisition and deferred consideration of £1.45 million payable in December 2012 subject to no claims being made against warranties. The Company manufactures highly engineered parts to the automotive, motorcycle and compressor industries primarily in Asia. The Trifast Board believes that markets in Asia represent strong growth opportunities and this acquisition is an initial key step towards the Group's future expansion in this area. In the 3.5 months to 31 March 2012 the subsidiary contributed net profit of £0.58 million to the consolidated net profit for the year and £3.56 million to the Group's revenue. If the acquisition had occurred on 1 April 2011, Group revenue would have been increased by an estimated £8.88 million and net profit would have been increased by an estimated £1.43 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2011.

Effect of acquisition

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

	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	6,610
Intangible assets (note 13)	817
Stocks	3,928
Trade and other receivables	2,283
Cash and cash equivalents	3,036
Interest-bearing loans and borrowings	(782)
Trade and other payables	(925)
Corporation tax payable	(68)
Deferred tax liabilities	(693)
Net identifiable assets and liabilities	14,206
Consideration paid:	
Initial cash price paid	13,491
Deferred consideration at fair value	1,447
Total consideration	14,938
Goodwill on acquisition	732

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 PSEP and the Trifast Group.

Notes (forming part of the Financial Statements) continued

3 Acquisition of subsidiary continued

The Company issued 21,621,622 5p ordinary shares for a cash consideration of £8.00 million (£7.18 million net of expenses).

Fair values determined on a provisional basis	2012 £000
Stocks	3,928
Corporation tax payable	(68)
Deferred tax liabilities	(693)

The above have been determined on a provisional basis because of the following:

Both the Group and Power Steel & Electro-Plating Works SDN BHD value their manufactured stock (work in progress and finished goods) by including an appropriate share of production overheads based on normal operating capacity. Power Steel & Electro-Plating Works SDN BHD does this on a 'Weight basis', whereas the Group performs it on a 'Process basis'. Whilst it is not envisaged that the different methods are considered material, due to practicalities of Reporting deadlines, it was not possible to complete a revaluation of the stock based on the Group's method in time.

Confirmation from the Malaysian tax authorities in relation to tax for the period from Completion to 31 March 2012 was not available in time for Reporting.

Acquisition related costs

The Group incurred acquisition related cost of £0.39 million in relation to the acquisition of Power Steel & Electro-Plating Works SDN BHD. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

4 Operating segmental analysis

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

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

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

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

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

4 Operating segmental analysis continued

Geographical operating segments

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

UK

Mainland Europe/USA: includes Norway, Sweden, Hungary, Ireland, Holland, Poland, 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 three distinct geographical regions, which the Board uses to monitor and assess the Group.

March 2012	UK £000	Mainland Europe/USA £000	Asia £000	Common Costs £000	Total £000
Revenue					
Revenue from external customers	57,782	23,606	31,122	–	112,510
Inter segment revenue	1,489	549	4,052	–	6,090
Total revenue	59,271	24,155	35,174	–	118,600
Operating result before separately disclosed items and financing costs	2,735	619	3,764	(1,489)	5,629
Net financing costs	(487)	(1)	(51)	(88)	(627)
Segment result before separately disclosed items	2,248	618	3,713	(1,577)	5,002
Separately disclosed items (see note 2)					(243)
Profit before tax					4,759
Specific disclosure items					
Depreciation and amortisation	177	56	645	318	1,196
Assets and liabilities					
Segment assets	35,291	10,230	50,327	5,993	101,841
Segment liabilities	(26,396)	(3,327)	(16,048)	(2,582)	(48,353)

Notes (forming part of the Financial Statements) continued

4 Operating segmental analysis continued

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

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

There was no material difference in the UK, Europe Mainland and USA regions between the external revenue based on location of the entities and the location of the customers. Of the Asian external revenue, £2.73 million (2011: £2.53 million) was sold into the American market and £4.81 million (2011: £5.96 million) sold into the European market.

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

5 Other operating income

	2012 £000	2011 £000
Other	209	207

6 Expenses and auditors' remuneration

Included in profit for the year are the following:

	Note	2012 £000	2011 £000
Depreciation	11	915	937
Amortisation of acquired intangibles	13	281	261
Forex loss		249	642

Auditors' remuneration:

	2012 £000	2011 £000
Audit of these financial statements	39	38
Audit of financial statements of subsidiaries pursuant to legislation	140	142
Services in relation to the acquisition of Power Steel & Electro-Plating Works SDN BHD	355	—
Other services relating to taxation	38	26
Other services supplied pursuant to such legislation	5	12

7 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Group Number of employees	
	2012	2011
Office and management	81	79
Manufacturing	239	235
Sales	137	120
Distribution	450	452
	907	886

The aggregate payroll costs of these persons were as follows:

	Group	
	2012 £000	2011 £000
Wages and salaries (including bonus)	19,097	17,963
Share-based payments	227	189
Social security costs	1,702	1,670
Other pension costs (see note 23)	1,310	1,104
	22,336	20,926

Notes (forming part of the Financial Statements) continued

8 Directors' emoluments

	2012 £000	2011 £000
Directors' emoluments	1,435	1,116
Company contributions to money purchase pension plans	104	79
	1,539	1,195

The emoluments of individual Directors are shown in the Remuneration Report on page 60.

The aggregate of emoluments of the highest paid Director was £327,000 (2011: £265,000), and Company pension contributions of £nil (2011: £nil) were made to a money purchase scheme on his behalf.

	Number of Directors	
	2012	2011
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	4	4
The number of Directors who exercised share options	—	—

See pages 56 to 58 of the Remuneration Report for more details.

Directors' rights to subscribe for shares in the Company are also set out in the Remuneration Report.

9 Financial income and expense

	2012 £000	2011 £000
Financial income	42	27
Financial expenses		
Interest payable on bank loans and hire purchase liabilities	669	581
Total financial expenses	669	581

10 Taxation

Recognised in the Income Statement

	2012 £000	2011 £000
Current UK tax expense:		
Current year	–	–
Double taxation relief	–	–
	–	–
Current tax on foreign income for the year	1,030	968
Adjustments for prior years	(60)	(146)
	970	822
Total current tax	970	822
Deferred tax expense (note 16)		
Origination and reversal of temporary differences	705	(114)
Adjustments for prior years	(78)	171
	627	57
Tax in income statement	1,597	879

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

	2012 £000	ETR %	2011 £000	ETR %
Profit for the period	3,162		1,643	
Tax from continuing operations	1,597		879	
Profit before tax	4,759		2,522	
Tax using the UK corporation tax rate of 26% (2011: 28%)	1,237	26	706	28
Tax suffered on dividends	102	2	118	5
Non-deductible expenses	307	7	109	4
IFRS 2 share option charge/(credit)	4	–	(224)	(9)
Deferred tax assets not recognised	287	6	328	13
Different tax rates on overseas earnings	(265)	(6)	(213)	(8)
Adjustments in respect of prior years	(138)	(3)	32	1
Tax rate change	63	2	23	1
Total tax in income statement	1,597	34	879	35

The ETR was affected by disallowable tax costs in relation to the acquisition of PSEP, the surrender of onerous leases in the UK and the closure costs of one of our sites in the US (see note 2). Before these one-off tax disallowable costs, the normalised ETR would have been 27% (2011: 27%).

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the Company's future current tax charge accordingly. The deferred tax at 31 March 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax accordingly.

Notes (forming part of the Financial Statements) continued

11 Property, plant and equipment — Group

	Land and buildings £000	Leasehold improvements £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2010	6,292	745	10,349	3,982	215	21,583
Additions	—	55	189	54	—	298
Disposals	—	(128)	(259)	(20)	—	(407)
Effect of movements in foreign exchange	104	10	238	4	2	358
Balance at 31 March 2011	6,396	682	10,517	4,020	217	21,832
Balance at 1 April 2011	6,396	682	10,517	4,020	217	21,832
Acquisition	4,552	—	6,399	573	103	11,627
Additions	5	205	306	137	—	653
Disposals	—	(155)	(378)	(86)	(20)	(639)
Effect of movements in foreign exchange	(41)	4	(51)	(24)	2	(110)
Balance at 31 March 2012	10,912	736	16,793	4,620	302	33,363
Depreciation and impairment						
Balance at 1 April 2010	1,550	610	7,955	3,574	154	13,843
Depreciation charge for the year	96	57	545	213	26	937
Disposals	—	(128)	(109)	(20)	—	(257)
Effect of movements in foreign exchange	26	8	188	6	3	231
Balance at 31 March 2011	1,672	547	8,579	3,773	183	14,754
Balance at 1 April 2011	1,672	547	8,579	3,773	183	14,754
Acquisition	20	—	4,476	467	33	4,996
Depreciation charge for the year	115	43	606	134	17	915
Disposals	—	(138)	(300)	(77)	(18)	(533)
Effect of movements in foreign exchange	—	3	(43)	(23)	2	(61)
Balance at 31 March 2012	1,807	455	13,318	4,274	217	20,071
Net book value						
At 1 April 2010	4,742	135	2,394	408	61	7,740
At 31 March 2011	4,724	135	1,938	247	34	7,078
At 31 March 2012	**9,105**	**281**	**3,475**	**346**	**85**	**13,292**

Included in the net book value of land and buildings are £7.71 million (2011: £3.30 million) of freehold land and buildings, and £1.40 million (2011: £1.42 million) of long leasehold land and buildings.

£10.95 million (2011: £6.40 million) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

Included in the total net book value of plant and machinery is £0.68 million (2011: £nil) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £0.07 million (2011: nil).

12 Property, plant and equipment — Company

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost			
Balance at 1 April 2010 and 31 March 2011	3,497	750	4,247
Additions	—	—	—
Balance at 31 March 2012	3,497	750	4,247
Depreciation and impairment			
Balance at 1 April 2010	885	738	1,623
Depreciation charge for the year	54	4	58
Balance at 31 March 2011	939	742	1,681
Balance at 1 April 2011	939	742	1,681
Depreciation charge for the year	54	2	56
Balance at 31 March 2012	993	744	1,737
Net book value			
At 1 April 2010	2,612	12	2,624
At 31 March 2011	2,558	8	2,566
At 31 March 2012	**2,504**	**6**	**2,510**

Included in the net book value of land and buildings are £2.50 million (2011: £2.56 million) of freehold land and buildings.

£3.50 million (2011: £3.50 million) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

OUR FINANCIALS

Notes (forming part of the Financial Statements) continued

13 Intangible assets — Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 2010	29,111	2,152	31,263
Effect of movements in foreign exchange	617	—	617
Balance at 31 March 2011	29,728	2,152	31,880
Balance at 1 April 2011	29,728	2,152	31,880
Acquisition	732	817	1,549
Effect of movements in foreign exchange	78	4	82
Balance at 31 March 2012	30,538	2,973	33,511
Amortisation and impairment			
Balance at 1 April 2010	13,689	1,216	14,905
Amortisation for the year	—	261	261
Effect of movements in foreign exchange	174	—	174
Balance at 31 March 2011	13,863	1,477	15,340
Balance at 1 April 2011	13,863	1,477	15,340
Amortisation for the year	—	281	281
Effect of movements in foreign exchange	21	—	21
Balance at 31 March 2012	13,884	1,758	15,642
Net book value			
At 1 April 2010	15,422	936	16,358
At 31 March 2011	15,865	675	16,540
At 31 March 2012	**16,654**	**1,215**	**17,869**

Other intangible assets are made up of customer relationships acquired as part of the acquisitions of Serco Ryan Ltd and Power Steel and Electro-Plating Works SDN Bhd (PSEP). The remaining amortisation period left on these assets is 1.5 and 11.75 years respectively.

There were no impairments made during 2012 (2011: £nil).

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

	2012 £000	2011 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**9,423**	9,370
TR Fastenings AB (Sweden)	**1,063**	1,063
Lancaster Fastener Company Ltd (UK)	**1,245**	1,245
Serco Ryan Ltd (within TR Fastenings Ltd) (UK)	**4,083**	4,083
Power Steel and Electro-Plating Works SDN BHD (Malaysia)	**736**	—
Other	**104**	104
	16,654	15,865

13 Intangible assets — Group continued

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

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

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

The table below highlights the key assumptions:

	Taiwan		UK		Sweden	
	2012	2011	2012	2011	2012	2011
Pre-tax discount rate	16%	17%	16%	17%	16%	16%
Long-term growth rate	4%	4%	3%	3%	2%	2%

Long-term growth rate

Five-year management plans are used for the Group's value in use calculations. Long-term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP rates for the country of operation; and
- the long-term compound annual growth rate in EBITDA in years six to ten estimated by management.

Pre-tax risk adjusted discount rate

The discount rate applied to the cash flows of each of the Group's operations is based on the risk free rate for ten-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company.

In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.

In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk to each of the Group's operations determined using an average of the betas of comparable listed fastener distribution and manufacturing companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration studies by independent economists, the average equity market risk premium over the past ten years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.

The table above discloses pre-tax discount rates of 16% across the three CGUs. This takes into account certain components such as various discount rates reflecting different risk premiums and tax rates in the respective regions. Overall, the Board is confident the pre-tax adjusted discount rates adequately reflect the circumstances in each region and are in accordance with IAS 36.

Notes (forming part of the Financial Statements) continued

13 Intangible assets — Group continued

Sensitivity to changes in assumptions

Other than as disclosed below, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash-generating unit to exceed its recoverable amount.

The estimated values in use at 31 March 2012 of the Group's operations in Taiwan and Sweden were £1.35 million and £0.55 million above their respective carrying value and, consequently, any material adverse change in key assumptions would, in isolation, cause an impairment loss to be recognised.

The table below shows what the variables used in the 'value in use' calculations for Taiwan and Sweden need to change to (in isolation) in order for the estimated recoverable amount to be equal to its carrying value.

	Taiwan	Sweden
Pre-tax adjusted discount rate	17.0%	19.0%
Budgeted change in EBIT	9.2%	14.5%
Long-term growth rate	2.5%	<0%

Other subsidiaries are not included in the calculation as their individual cash-generating units show a significant headroom over the goodwill carrying value.

The £0.05 million increase in the goodwill of SFE refers to a foreign exchange gain, as the investment is held in Singapore dollars within TR Asia Investment Holdings Pte Ltd.

14 Intangible assets — Company

	Other £000
Cost	
Balance at 1 April 2010 and 31 March 2011	62
Balance at 31 March 2012	**62**
Amortisation and impairment	
Balance at 1 April 2010	62
Amortisation for the year	—
Balance at 31 March 2011	62
Balance at 1 April 2011	62
Amortisation for the year	—
Balance at 31 March 2012	**62**
Net book value	
At 1 April 2010	—
At 31 March 2011	—
At 31 March 2012	**—**

15 Equity investments

Company — investments in subsidiaries

	£000
Cost	
Balance at 1 April 2010 and 31 March 2011	35,959
Additions	5,477
Balance at 1 April 2011 and 31 March 2012	41,436
Provision	
Balance at 1 April 2010	14,085
Reversal of impairment	(6,200)
Balance at 31 March 2011 and 31 March 2012	7,885
Net book value	
At 1 April 2010	21,874
At 31 March 2011	28,074
At 31 March 2012	**33,551**

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

Following the improved performance of TR Fastenings Ltd (UK), the investment impairment of £6.20 million that was made in 2009 was reversed in 2011.

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included on page 110.

Notes (forming part of the Financial Statements) continued

16 Deferred tax assets and liabilities — Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012 £000	2011 £000	**2012 £000**	2011 £000	**2012 £000**	2011 £000
Property, plant and equipment	**(316)**	(226)	**915**	150	**599**	(76)
Intangible assets	**(10)**	—	**99**	175	**89**	175
Stocks	**(284)**	(225)	**—**	—	**(284)**	(225)
Provisions/IFRS 2	**(628)**	(414)	**72**	62	**(556)**	(352)
Tax value of loss c/fwd	**(267)**	(1,158)	**—**	—	**(267)**	(1,158)
Tax (assets)/liabilities	**(1,505)**	(2,023)	**1,086**	387	**(419)**	(1,636)
Tax set-off	**249**	43	**(249)**	(43)	**—**	—
Net tax (assets)/liabilities	**(1,256)**	(1,980)	**837**	344	**(419)**	(1,636)

A potential £1.51 million (2011: £1.42 million) deferred tax asset relating to tax losses at TR Fastenings Inc. was not recognised on the grounds that recovery is uncertain. In addition, a potential £1.36 million (2011: £1.27 million) deferred tax asset relating to the Company's management losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

	1 April 2011 £000	Recognised in income £000	Recognised on acquisitions £000	Recognised in translation reserve £000	**31 March 2012 £000**
Property, plant and equipment	(76)	(90)	765	—	**599**
Intangible assets	175	(86)	—	—	**89**
Stocks	(225)	(59)	—	—	**(284)**
Provisions/IFRS 2	(352)	(26)	(72)	(106)	**(556)**
Tax value of loss c/fwd	(1,158)	888	—	3	**(267)**
	(1,636)	627	693	(103)	**(419)**

16 Deferred tax assets and liabilities — Group continued

Movement in deferred tax during the prior year

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

17 Deferred tax assets and liabilities — Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012 £000	2011 £000	**2012 £000**	2011 £000	**2012 £000**	2011 £000
Property, plant and equipment	**(2)**	—	**—**	—	**(2)**	—
Provisions/IFRS 2	**(359)**	(240)	**—**	—	**(359)**	(240)
Tax (assets)/liabilities	**(361)**	(240)	**—**	—	**(361)**	(240)

A potential £1.36 million (2011: £1.27 million) deferred tax asset relating to the Company's management losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

	1 April 2011 £000	Recognised in income £000	Recognised in Equity £000	31 March 2012 £000
Property, plant and equipment	—	(2)	—	**(2)**
Provisions/IFRS 2	(240)	(32)	(87)	**(359)**
	(240)	(34)	(87)	**(361)**

Movement in deferred tax during the prior year

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

Notes (forming part of the Financial Statements) continued

18 Stocks

	Group	
	2012 £000	2011 £000
Raw materials and consumables	3,741	1,907
Work in progress	1,302	702
Finished goods and goods for resale	25,474	22,507
	30,517	25,116

19 Trade and other receivables

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade receivables	24,882	23,474	—	—
Non-trade receivables and prepayments	1,413	1,354	13	10
Amounts owed by subsidiary undertakings	—	—	1,139	848
	26,295	24,828	1,152	858

20 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Cash and cash equivalents per balance sheet	12,612	7,142	1,081	373
Bank overdrafts per balance sheet	(814)	(2)	(5,042)	(4,064)
Cash and cash equivalents per cash flow statements	11,798	7,140	(3,961)	(3,691)

21 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 27.

			Current		Non-Current	
Initial Loan Value	Rate	Maturity	2012 £000	2011 £000	2012 £000	2011 £000
Company						
Term loan £4.00m	Libor +3.75%	2012	999	1,333	—	1,000
			999	1,333	—	1,000
Other Group						
Asset based lending £15.80m (Maximum)	Base (+2.25% to 2.75%)	2013	11,804	11,950	—	—
Acquisition Term Loan S$15.11m	Fixed 3.14%	2016	1,503	—	5,640	—
Bankers acceptances MYR0.2m	3.64%	2012	41	—	—	—
Finance Lease Liabilities	Various	2012/13	173	—	48	—
			13,521	11,950	5,688	—
Total Group			14,520	13,283	5,688	1,000

21 Other interest-bearing loans and borrowings continued

Finance Lease Liabilities

	Minimum Lease Payments 2012 £000	Interest 2012 £000	Principal 2012 £000
Less than one year	173	6	167
Between one and two years	48	1	47
	221	7	214

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

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

22 Trade and other payables

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade payables	13,856	14,219	—	—
Amounts payable to subsidiary undertakings	—	—	2,590	2,590
Non-trade payables and accrued expenses	8,206	5,405	848	633
Other taxes and social security	973	1,001	1	9
	23,035	20,625	3,439	3,232

23 Employee benefits

Pension plans

Defined contribution plans

The Group operates a number of defined contribution pension plans, which include stakeholder pension plans whose assets are held separately from those of the Group in independently administered funds.

The total expense relating to these plans in the current year was £1.31 million (2011: £1.10 million) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pensions contributions of £0.09 million (2011: £0.08 million), which are included in creditors.

Notes (forming part of the Financial Statements) continued

23 Employee benefits continued

Share-based payments

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

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

	2012		2011	
	Options	Weighted Average Exercise Price £	Options	Weighted Average Exercise Price £
Outstanding at beginning of year	8,948,751	0.13	8,840,161	0.13
Granted during the year	89,942	0.45	361,986	0.25
Forfeited/lapsed during the year	(61,834)	0.71	(253,396)	0.39
Exercised during the year	—		—	
Outstanding at the end of the year	8,976,859	0.13	8,948,751	0.13
Exercisable at the end of the year	161,592	0.37	131,185	0.55

The options outstanding at 31 March 2012 had a weighted average remaining contractual life of 5.5 years (2011: 5.7 years) and exercise prices ranging from £0.085 to £0.825 (2011: £0.085 to £0.91).

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

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

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

23 Employee Benefits continued

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

Date of grant	Type of instrument	Valuation model	No. outstanding on 31 March 2012	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk free rate %	Expected annual dividend %	Fair value (£)
02/07/2003	Share Options	Binomial	37,000	0.640	0.650	48.21	3.00	3.00	3.50	2.50	0.20
27/09/2004	Share Options	Binomial	40,000	0.760	0.730	37.45	3.00	3.00	4.72	2.50	0.22
01/10/2004	7 Year SAYE	Binomial	4,595	0.760	0.700	37.15	7.00	7.00	4.84	2.50	0.31
01/10/2005	7 Year SAYE	Binomial	2,042	0.710	0.700	28.81	7.00	7.00	4.33	2.50	0.21
15/03/2005	Share Options	Binomial	7,000	0.830	0.830	29.24	3.00	3.00	4.85	2.50	0.13
01/10/2006	SAYE 5 Year	Binomial	11,592	0.600	0.500	39.85	5.00	5.00	4.70	3.00	0.22
01/10/2006	SAYE 7 Year	Binominal	2,736	0.600	0.500	39.85	7.00	7.00	4.66	3.00	0.30
01/10/2007	SAYE 5 Year	Binomial	9,605	0.740	0.750	29.26	5.00	5.00	5.00	3.39	0.17
01/10/2007	SAYE 7 Year	Binomial	6,091	0.740	0.750	29.26	7.00	7.00	5.06	3.39	0.20
01/10/2008	SAYE 3 Year	Binomial	61,405	0.370	0.450	34.02	3.00	3.00	4.02	7.67	0.04
01/10/2008	SAYE 5 Year	Binomial	45,567	0.370	0.450	34.02	5.00	5.00	4.17	7.67	0.04
01/10/2008	SAYE 7 Year	Binomial	17,836	0.370	0.450	34.02	7.00	7.00	4.31	7.67	0.04
30/09/2009	Share Options	Monte Carlo	5,950,000	0.280	0.085	53.54	3.00	3.00	1.94	3.32	0.09
01/10/2009	SAYE 3 Year	Binomial	1,411,398	0.280	0.170	45.44	3.00	3.00	1.83	3.38	0.11
01/10/2009	SAYE 5 Year	Binomial	638,457	0.280	0.170	45.44	5.00	5.00	2.58	3.38	0.12
01/10/2009	SAYE 7 Year	Binomial	304,327	0.280	0.170	45.44	7.00	7.00	3.09	3.38	0.12
01/10/2010	SAYE 3 Year	Black–Scholes	221,760	0.370	0.250	47.86	3.00	3.00	1.11	1.36	0.16
01/10/2010	SAYE 5 Year	Black–Scholes	103,824	0.370	0.250	47.86	5.00	5.00	1.83	1.36	0.18
01/10/2010	SAYE 7 Year	Black–Scholes	11,682	0.370	0.250	47.86	7.00	7.00	2.43	1.36	0.20
01/10/2011	SAYE 3 Year	Black–Scholes	73,796	0.410	0.450	53.63	3.00	3.00	0.93	0.00	0.14
01/10/2011	SAYE 5 Year	Black–Scholes	8,226	0.410	0.450	47.64	5.00	5.00	1.51	0.00	0.17
01/10/2011	SAYE 7 Year	Black–Scholes	7,920	0.410	0.450	43.20	7.00	7.00	2.18	0.00	0.19

Notes (forming part of the Financial Statements) continued

23 Employee benefits continued

Expected volatility was determined by calculating the historical volatility of the Group's share price over one, two and three years back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a total charge of £0.23 million and a credit of £0.19 million in relation to equity-settled share-based payment transactions in 2012 and 2011 respectively.

As at 31 March 2012, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date / employees entitled	Number of instruments	Contractual life of options
02/07/03 / Executive	37,000	July 2006 — July 2013
27/09/04 / Executive	40,000	Sept 2007 — Sept 2014
21/10/04 / SAYE	4,595	Oct 2011
15/03/05 / Executive	7,000	Mar 2008 — Mar 2015
01/10/05 / SAYE	2,042	Oct 2012
01/10/06 / SAYE	14,328	Oct 2011, 2013
01/10/07 / SAYE	15,696	Oct 2012, 2014
01/10/08 / SAYE	124,808	Oct 2011, 2013, 2015
01/10/09 / SAYE	2,354,182	Oct 2012, 2014, 2016
30/09/10 / Executive	5,950,000	Sept 2012 — Sept 2019
01/10/10 / SAYE	337,266	Oct 2013, 2015, 2017
01/10/11 / SAYE	89,942	Oct 2014, 2016, 2018
	8,976,859	

In accordance with IFRS 1, transitional provisions, share option arrangements granted before 7 November 2002 have not been included in the IFRS 2 charge calculated.

All options require continued employment from grant date to the later of vesting date or exercise date.

24 Provisions

Group	Restructuring costs £000	Dilapidations £000	Total £000
Balance at 1 April 2011	2,222	1,309	3,531
Provisions unused during the year	(792)	(164)	(956)
Provisions utilised during the year	(442)	(94)	(536)
Balance at 31 March 2012	**988**	**1,051**	**2,039**

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

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

24 Provisions continued

Group	Restructuring costs £000	Dilapidations £000	2012 Total £000	2011 Total £000
Non-current (greater than 1 year)	81	801	882	2,916
Current (less than 1 year)	907	250	1,157	615
Balance at 31 March	988	1,051	2,039	3,531

In respect of the Company there are no provisions (2011: £nil).

25 Capital and reserves

Capital and reserves — Group and Company

See Statements of Changes in Equity on pages 66 to 67.

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

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

Share capital

	Number of Ordinary shares 2012	Number of Ordinary shares 2011
In issue at 1 April	85,246,086	85,246,086
Shares issued	21,621,622	—
In issue at 31 March — fully paid	106,867,708	85,246,086

The fair value of the ordinary shares issued was based on a share price of 37.0 pence and a nominal value of 5 pence. The total number of shares issued during the year was 21,621,622.

	2012 £000	2011 £000
Authorised		
Ordinary shares of 5p each	10,000	10,000
Allotted, called up and fully paid		
Ordinary shares of 5p each	5,343	4,262

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (forming part of the Financial Statements) continued

25 Capital and reserves continued

Dividends

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

	2012 £000	2011 £000
Final paid 2011 — nil p (2010: nil p) per qualifying ordinary share	—	—
Interim paid 2012 — nil p (2011: nil p) per qualifying ordinary share	—	—
	—	—

After the Balance sheet date a final dividend of 0.50p per qualifying ordinary share (2011: nil p) was proposed by the Directors.

	2012 £000	2011 £000
Final proposed 2012 — 0.5p (2011: nil p) per qualifying ordinary share	534	—

26 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2012 was based on the profit attributable to ordinary Shareholders of £3.16 million (2011: profit of £1.64 million) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2012 of 91,643,717 (2011: 85,246,086), calculated as follows:

Weighted average number of ordinary shares

	2012	2011
Issued ordinary shares at 1 April	85,246,086	85,246,086
Effect of shares issued	6,397,631	—
Weighted average number of ordinary shares at 31 March	91,643,717	85,246,086

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2012 was based on profit attributable to ordinary Shareholders of £3.16 million (2011: profit of £1.64 million) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2012 of 97,438,412 (2011: 89,727,953), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2012	2011
Weighted average number of ordinary shares at 31 March	91,643,717	85,246,086
Effect of share options on issue	5,794,695	4,481,867
Weighted average number of ordinary shares (diluted) at 31 March	97,438,412	89,727,953

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

26 Earnings per share continued

EPS (Total)	2012 Earnings £000	2012 EPS Basic	2012 EPS Diluted	2011 Earnings £000	2011 EPS Basic and Diluted	2011 EPS Adjusted Diluted
Profit for the financial year	**3,162**	**3.45p**	**3.25p**	1,643	1.93p	1.83p
Separately disclosed items:						
IFRS 2 Share option	**227**	**0.25p**	**0.23p**	189	0.22p	0.21p
Intangible amortisation	**281**	**0.31p**	**0.29p**	261	0.31p	0.29p
Acquisition expenses	**391**	**0.43p**	**0.40p**	—	—	—
Restructuring (credit)/costs	**(656)**	**(0.72p)**	**(0.67p)**	801	0.94p	0.89p
Tax credit /(charge) on adjusted items	**258**	**0.28p**	**0.26p**	(174)	(0.20p)	(0.19p)
Adjusted	**3,663**	**4.00p**	**3.76p**	2,720	3.20p	3.03p

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

If the acquisition of Power Steel & Electro-Plating Works SDN Bhd (PSEP) had occurred at the beginning of the period with an impact for a full 12 months and using an estimated 12 months weighted average number of ordinary shares of 112,662,403 then the estimated 'Adjusted diluted' earnings per share would have been 4.19p.

27 Financial instruments

a) Fair values of financial instruments

There is no difference between the fair values and the carrying values shown in the balance sheet.

b) Financial instruments risks

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

(i) Credit risk

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

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

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

The carrying amount of trade receivables represents the maximum credit exposure for the Group. Therefore, the maximum exposure to credit risk at the balance sheet date was £24.88 million (2011: £23.47 million), being the total carrying amount of trade receivables net of an allowance. Management do not consider there to be any significant unimpaired credit risk in the year end balance sheet (2011: £nil).

At the balance sheet date there were no significant concentrations of credit risk. The amount of trade receivables which are beyond 90 days from their due date is £1.01 million (2011: £1.11 million). This represents 4% of the total gross receivable balance.

OUR FINANCIALS

Notes (forming part of the Financial Statements) continued

27 Financial instruments continued

Impairment losses

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	2012 £000	2011 £000
Balance at 1 April	(822)	(640)
Reversal/(Impairment) movement	371	(182)
Balance at 31 March	(451)	(822)

There are no significant losses/bad debts provided for specific customers.

(ii) Liquidity and interest risk

The Group holds net debt and hence its interest and liquidity risks are associated with the maturity of its loans against cash inflows from around the Group. The Group's objective is to maintain a balance of continuity of funding and flexibility through the use of loans and banking facilities as applicable.

As at 31 March 2012, the Group had an outstanding term loan of £1.00 million, which expires on 31 December 2012 and is secured by corporate guarantees and debentures over the Group's UK and Swedish entities.

It also had an Asset Based Lending facility (maximum £15.80 million) available, secured over the receivables and stock of the Group's UK Subsidiaries and the property of the Holding Company.

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

Covenant headroom

The current term facilities are subject to quarterly covenant testing as follows:

Interest cover:	Underlying EBITDA to Net Interest to exceed a ratio of three.
Cash flow cover:	Adjusted cash flow to Debt Service to exceed a ratio of one.

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

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

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

27 Financial instruments continued

Liquidity headroom

Trading forecasts show that the current facilities provide sufficient liquidity headroom. Some of the Groups' facilities as disclosed in note 21 will come up for review in the ordinary course of business within the next 12 months. The Group continues to maintain positive relationships with a number of banks and the Directors believe that appropriate facilities will continue to be made available to the Group as and when they are required.

Interest risk

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

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

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

	2012				2011			
Company	Effective interest rate %	Total £000	0 to <1 year £000	1 to 2 years £000	Effective interest rate %	Total £000	0 to <1 year £000	1 to 2 years £000
Cash and cash equivalents		1,081	1,081	—	—	373	373	—
Secured bank loans	4.25	(999)	(999)	—	4.25	(2,333)	(1,333)	(1,000)
Bank overdrafts		(5,042)	(5,042)	—	—	(4,064)	(4,064)	—
Total Company		(4,960)	(4,960)	—	—	(6,024)	(5,024)	(1,000)
Group								
Cash and cash equivalents		12,612	12,612	—	—	7,142	7,142	—
Secured bank loans	3.43	(19,987)	(14,347)	(5,640)	—	(14,283)	(13,283)	(1,000)
Finance lease liabilities	2.98-4.00	(221)	(173)	(48)	3.53	—	—	—
Bank overdrafts		(814)	(814)	—	—	(2)	(2)	—
Total Group		(8,410)	(2,722)	(5,688)	—	(7,143)	(6,143)	(1,000)

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

Sensitivity analysis

A change of 1% point in interest rates at the balance sheet date would change equity and profit and loss by £0.13 million (2011: £0.14 million). This calculation has been applied to risk exposures existing at the balance sheet date.

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

Notes (forming part of the Financial Statements) continued

27 Financial instruments continued

(iii) Foreign currency risk

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

Operational foreign exchange exposure

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

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

Monetary assets/liabilities

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

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

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

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

Sensitivity analysis

Group

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

27 Financial instruments continued

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

	Equity & Profit or Loss	
	2012 £000	2011 £000
US Dollar to Sterling	(15)	(15)
Euro to Sterling	(10)	(21)

A 1% strengthening of the above currencies against the pound Sterling at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iv) Capital Management

The Group's objectives when managing capital are to ensure that all entities within the Group will be able to continue as going concerns, while maximising the return to Shareholders through the optimisation of the debt and equity balance. We regularly review and maintain or adjust the capital structure as appropriate in order to achieve these objectives and this is consistent with the management of capital for previous periods.

The Group has various borrowings and available facilities that contain certain external capital requirements ('covenants') that are considered normal for these types of arrangements. As discussed above, we remain comfortably within all such covenants.

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

The capital structure of the Group is presented below:

	2012 £000	2011 £000
Cash and cash equivalents (note 20)	11,798	7,140
Borrowings (note 21)	(20,208)	(14,283)
Net debt	(8,410)	(7,143)
Equity	(53,488)	(42,845)
Capital	(61,898)	(49,988)

There is a continuous process for identifying, evaluating and managing the key risks faced by the Group. Activities are co-ordinated by the Audit Committee. It has responsibility, on behalf of the Board, for ensuring the adequacy of systems for identifying and assessing significant risks, that appropriate control systems and other mitigating actions are in place, and that residual exposures are consistent with the Group's strategy and objectives. Assessments are conducted for all material entities.

Notes (forming part of the Financial Statements) continued

28 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Less than one year	2,081	2,205	31	41
Between two and five years	3,519	4,638	45	21
More than five years	487	1,537	—	—
	6,087	8,380	76	62

The Group leases a number of offices, warehouse and factory facilities under operating leases.

None of the leased properties have been sublet by the Group (2011: £nil). The Group has recognised a provision of £0.94 million (2011: £2.16 million) in respect of onerous leases which is included within the restructuring provision (see note 24).

Group

During the year £2.32 million was recognised as an expense (2011: £2.17 million) in the income statement in respect of operating leases.

Company

During the year £0.10 million (2011: £0.09 million) was recognised as an expense in the income statement in respect of operating leases.

29 Contingencies

Group and Company

(i) The Company has cross guarantees on overdrafts with five subsidiaries. The amount outstanding at the end of the year was £6.12 million (2011: £4.30 million).

(ii) In accordance with the provisions of Section 17 of the Republic of Ireland Companies (Amendment) Act 1986, Trifast plc has given irrevocable guarantees in respect of the financial year 1 April 2011 to 31 March 2012, in respect of the liabilities, as are referred to in Section 5c of that Act, for the subsidiary Company, TR Southern Fasteners Limited.

30 Related parties (Group and Company)

Compensation of key management personnel of the Group

Full details of the compensation of key management personnel are given in the Directors' Remuneration Report.

In addition to details of the compensation of key management personnel given in the Directors' Remuneration Report, the charge for the year in relation to share-based payments was £0.23 million (2011: charge of £0.19 million).

Transactions with Directors' and Directors' close family relatives

During the year a relative of the Chairman provided IT/Marketing consultancy services totalling £27,250 (2011: £16,000) on an arm's length basis and terms similar to other third party suppliers. The outstanding balance at 31 March 2012 was £2,000 (31 March 2011: £2,000).

Related Party Transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included on page 110.

Company Related Party Transactions — Income/Expenditure

	Income			Expenditure
	Rent £000	Management Fees £000	Total £000	Management Fees £000
TR Fastenings Ltd	196	569	765	150
TR Southern Fasteners Ltd	—	26	26	—
TR Norge AS	—	35	35	—
TR Fastenings AB	—	48	48	—
TR Miller BV	—	45	45	—
Lancaster Fastener Co Ltd	—	31	31	—
TR Hungary Kft	—	38	38	—
TR Asia Investments Pte Ltd	—	252	252	—
TR Fastenings Inc	—	39	39	—
	196	1,083	1,279	150

Notes (forming part of the Financial Statements) continued

30 Related parties (Group and Company) continued

Company Related Party Transactions — Receivable/Payable

	Balances Receivable Trade Receivables £000	Balances Payable Trade Payables £000
TR Fastenings Ltd	405	23
TR Southern Fasteners Ltd	2	—
TR Norge AS	6	—
TR Fastenings AB	4	—
TR Miller BV	38	—
Lancaster Fastener Co Ltd	18	—
TR Hungary Kft	13	—
TR Fastenings Inc	10	—
TR Asia Investments Pte Ltd	373	—
Dormant Subsidiaries	—	267
Trifast Overseas Holdings Ltd	—	2,300
Trifast Holdings BV	261	—
TR Fastenings Poland Sp. z o.o.	9	—
	1,139	2,590

31 Subsequent events

There are no material adjusting or non-adjusting events subsequent to the balance sheet date.

32 Accounting estimates and judgements

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

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

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

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

- Provisions (note 24)
  A provision is recognised in the balance sheet where the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Management has based its judgements on the latest available information, reflecting the expected outcome.

In respect of onerous leases and dilapidation provisions, external advisers were used to provide estimates of potential costs and likelihood of sub-letting rental. The future cash flows were then discounted using risk free rates over the length of the leases.

OUR FINANCIALS

Notes (forming part of the Financial Statements) continued

33 Trifast plc principal trading subsidiaries

Name	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held Group	Company
Europe					
Trifast Overseas Holdings Ltd	United Kingdom	£111	Holding company	100%	100%
TR Fastenings Ltd	United Kingdom	£10,200	Manufacture and distribution of fastenings	100%	—
TR Southern Fasteners Ltd	Republic of Ireland	€254	Distribution of fastenings	100%	—
TR Norge AS	Norway	NOK300,000	Distribution of fastenings	100%	—
TR Miller Holding B.V.	Holland	€45,378	Distribution of fastenings	100%	—
Lancaster Fastener Company Ltd	United Kingdom	£40,000	Distribution of fastenings	100%	—
TR Fastenings AB	Sweden	SEK1,500,000	Distribution of fastenings	100%	—
TR Hungary Kft	Hungary	HUF3,000,000	Distribution of fastenings	100%	—
TR Fastenings Poland Sp. z o.o.	Poland	PLN50,000	Distribution of fastenings	100%	100%
Asia					
TR Asia Investment Holdings Pte Ltd	Singapore	S$4	Holding company	100%	—
TR Formac Pte Ltd	Singapore	S$315,000	Manufacture and distribution of fastenings	100%	—
TR Formac (Malaysia) SDN Bhd	Malaysia	M$480,000	Manufacture and distribution of fastenings	100%	—
TR Formac (Shanghai) Pte Ltd	China	US$200,000	Distribution of fastenings	100%	—
Special Fasteners Engineering Co Ltd	Taiwan	NT$100,000,000	Manufacture and distribution of fastenings	100%	—
TR Formac (Suzhou) Co. Ltd	China	US$2,000,000	Manufacture and distribution of fastenings	100%	—
TR Formac Fastenings Private Ltd	India	RS100,000	Distribution of fastenings	100%	—
Power Steel & Electro-Plating Works SDN Bhd (PSEP)	Malaysia	M$4,586,523	Manufacture and distribution of fastenings	100%	—
Americas					
TR Fastenings Inc	USA	US$1,168,063	Distribution of fastenings	100%	100%

A full list of the Group companies will be included in the Company's annual return.
There were no changes in ownership during the year.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Trifast plc

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

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