Trifast plc

ANNUAL REPORT 2010

"**Leaders** in the **world of fasteners** for **over 35 years**, literally **holding together** the **products** we know"

Trifast plc

"Three-pronged strategy playing a key role in the TR recovery story — focusing on things we can influence"

Year Under Review

Inside Trifast

Financial Reporting and Governance

Letter from the Chairman

Trifast plc

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East Sussex, TN22 1QW
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Dear Shareholder

Report for the year ended March 2010

As you may naturally expect, a great deal of change has been implemented within Trifast since my first letter to you only a year ago, details of which are explained fully in this publication.

Clearly, our main tasks in 2009 after the new Board was put in place in March 2009 were to ensure financial survival, to remove unproductive and wasteful costs and to preserve the main assets of our Company as much as possible — especially our staff.

By half-year stage, in September 2009, we were starting to see an improving monthly trend in sales performance plus the emergence of a revised purchasing strategy that would deliver higher volume low cost products into TR during the last quarter of this financial year we are reporting upon.

As stated in our pre-close update, issued on 22 April 2010, every one of our 21 TR global business units made a profit during the last month of the financial year ended March 2010, with total sales revenue for the last month of the year being the highest for 18 months.

The recovering optimism witnessed by our customers together with our implemented "Phase 1" recovery strategy instigated by the Board has seen the Group improve its market positioning significantly by the end of March 2010. The Board and our staff thus had the benefit of seeing the results of their efforts and commitment throughout the toughest year ever seen end on a high, so underpinning our confidence that TR's recovery can be sustained.

However, this is only the first stage of our road to recovery, with a great deal of work yet to do over the coming months in order to fulfil our objective to return Trifast Shareholder value to an acceptable level.

One critical ingredient for achieving success is to have employees who feel properly valued, and currently, we have now endured two years of a Group-wide pay freeze whilst price inflation continues to escalate again this year. It is the Board's intention to redress this situation as soon as practicable.

As a Shareholder currently devoid of a dividend, please be assured that the restoration of a yield is one of the key issues in our minds. The Board is keen to address this at the soonest opportunity and once our distributable reserves allow.

Finally, to assist in the next phase of growth across our Global operations and to ensure continuity and implementation of consistent policies across the Group, Trifast announced on 16 June 2010 the following Board appointments:

- Mark Belton appointed Group Finance Director
- Seamus Murphy, Director of Operations, HR and IT
- Glenda Roberts, Group Sales Director

As a Board, we believe that Mark, Seamus and Glenda truly represent the TR spirit — their drive, experience and commitment will take us forward and we congratulate not only them and our other Senior appointments recently made but all our staff who have supported us through this very difficult time.

I am confident that TR remains on target with its three-phase strategy and our stated objective, to return the business back to stronger levels of profitability through lean logistics, targeted sales and marketing with on-going margin improvement.

We look forward to reporting on our progress over the next year. Meanwhile, your enduring patience, understanding and support are sincerely and deeply appreciated.

Yours sincerely

Malcolm Diamond MBE

Executive Chairman

ISO 9001 : 2008
FM00079

INVESTOR IN PEOPLE

Year Under Review

Review of 2010 — Key points

- ☑ Results ahead of expectation, despite year-on-year FX swing

  All 21 business units trading profitably by year end
- ☑ Return to "sales led" structure
- ☑ Staff morale restored with a clearer focus already resulting in improved productivity
- ☑ Broadening leadership skills to drive "Phase 2"
- ☑ Recovering optimism from customers and key TR sectors
- ☑ Good start to the current year

Building a solid foundation

PHASE 1 TARGETS	STATUS
Create three distinct business divisions: — Branded Products (Global) — Transactional & Supply Chain Sales (Global) — Manufacturing & "Factory to Factory" (Asia)	Done ☑
Re-establish global sales team & target > £500k pa (product spend) multinationals	In place: multiple wins secured after none for two years ☑
Major trading alliances being developed with same sector players	On-going ☑
India, Vietnam and China to receive major sales focus	Done with on-going support from Singapore ☑
Category 'C' items to be sourced through our Chinese office	In process 2010 ☑
UK sales structure now directly linked to the two regional business hubs	Operational efficiencies to be yielded going forward ☑

Find out more at www.trifast.com

Business Review

Joint Statement — Malcolm Diamond and Jim Barker

"We are well aware of the need continually to apply ourselves to a further array of improvement opportunities that have been clearly identified during "Phase 1" of our turnaround programme"

To watch Questions and Answers with Jim Barker visit:
www.trifast.com

Introduction

The recovering optimism initially witnessed in our Q3 period by customers followed through into Q4 particularly within some of the sectors we serve. This, together with our implemented "Phase 1" recovery strategy instigated during the year by the Board has seen the Group improve its market positioning significantly by the end of March 2010. As we finished the year, all 21 business units traded profitably and ahead of management expectations, this underpins our confidence that TR's recovery can be sustained.

As we enter the second year since we returned to Trifast in March 2009, it is pleasing to report that our recovery plan is performing ahead of target. However, as a team, we are well aware of the need continually to apply ourselves to a further array of improvement opportunities that have been clearly identified during "Phase 1" of our turnaround programme.

Key operational targets for year 2010/11 are vendor development, internal warehousing, logistics and freight, transactional sales within the UK and Europe as well as HR management (including the restoration of staff appraisals and management training schedules that had been abandoned in 2007).

Business Review continued

The "rebuild strategy"

Manufacturing demand for assembly components is increasingly Asia-centric and the activity in this region clearly demonstrates that an economic recovery has now arrived in the Far East whilst Europe ticks over at a steadily increasing rate, with the UK manufacturing presence regaining momentum. America is gradually showing more activity, and with Trifast having only a minor market share in the US, there is increasing opportunity for us to grow the business in this region going forward, especially as we are gaining a good reputation for TR Branded Products.

This demand profile provides a clear and simple pointer to our strategic planning.

Historically, multinationals based in the UK employed local staff who wanted the reassurance of locally held component supplies along with local sales and technical support. Being a sales/customer led organisation, during the nineties, TR successfully established a network of branches across the UK to satisfy this demand.

The market is different now. Many multinationals, especially in Scotland, have fled to lower cost countries, plus the present day sophistication with freight logistics has drastically reduced — even removed the need to hold stock within a network of localised warehouses, with current "Best Practice" creating centralised stocking "hubs" feeding long distance overnight next-day customer deliveries.

We have already benchmarked such systems against successful hub-based organisations in Sweden and Denmark which serve their network of Western European mainland customers on a next-day delivery basis from a single stockholding location.

However, this strategy has to be combined with retaining knowledgeable sales and technical customer facing personnel placed geographically local to their existing and potential clients.

Therefore, this removes stock duplication, reduces incoming freight and packaging costs, warehousing and materials handling costs, simplifies quality control and enhances the scope for vendor management — and all without sacrificing customer care and service reaction speed. Key points include broadening leadership teams and investing in processes and expertise whilst also continuing to "work smarter" to further profitability and efficiencies.

It is both rare and motivating in the current economic climate to be able to implement a cost rationalisation strategy that reduces indirect costs without the loss of key employees. This is the main element of "Phase 2" — our "rebuild" year.

This in turn permits us to return to making capital investment within our Asian manufacturing and distribution facilities.

Our ability to sustain our "continuous improvement" momentum is, of course, totally dependent on the commitment, energy and focus of our entire workforce, which to date has been outstanding; however, with many having to accept a four-day working week during much of 2009 plus a pay freeze for the last two years, it would be irresponsible of the Board to fail to attempt at least a partial remedy to this situation during the financial year ending March 2011.

Group structure

As we have previously indicated, the Board's review of the TR Group business will remain on-going so we not only ensure that we have the core skills to drive the business forward but that they also accurately reflect our commercial position.

In the main, the restructuring of our Asian and Mainland Europe operations is complete, TR's UK programme remains in progress; and whilst a number of issues have already been addressed, we anticipate further consolidation during the current year: these plans are well advanced and we expect to roll out the initiatives over coming months.

People

The Trifast Board is keen to acknowledge the enthusiasm and willingness of the TR teams around the world; they have all embraced our "continuous improvement" and "working smarter" philosophy in the key areas of service, supply chain, logistics, pricing and packaging.

In what has been one of the toughest two-year periods for the business, on behalf of all stakeholders we thank every one of our people for their hard work and determination to pull this business around and working with the management towards a sustained recovery.

Broadening the skills of the Board

As Trifast continue its recovery strategy, a key element is to ensure that the Board is even more operationally focused with Group wide responsibility and authority in order to implement new initiatives quickly and consistently.

In order to drive our next phase of growth across our global operations and to ensure continuity and implementation of consistent policies across the Group, the Board is making a number of appointments at both Main Board and Senior Management level:

We welcomed the following to the Main Board with effect from 16 June 2010:

- Mark Belton appointed Group Finance Director
- Seamus Murphy, Director of Operations, HR and IT
- Glenda Roberts, Group Sales Director

Taking on Senior Posts are:

- Roberto Bianchi as Director of Sourcing
- Keith Gibb as Sales Director, TR Branded Products
- Ian Carlton as Director of Quality

The last twelve months have enabled the Main Board to work with the Management teams around the business and we expect these appointments to play key roles in driving this business forward in the future.

To find out more about TR please visit:
www.trifast.com

The Board is mindful of the fact that the Main Board additions stretch the ratio of Independent Directors (NEDs) to Executives beyond recommended "Best Practice". It is considered that, with the high level of time commitment and support being received from the two incumbent Independent Directors, the recruitment of a third Director is not an immediate business priority. Nevertheless, the Board has agreed to revisit the situation by Q4 of the new financial year.

Financing and banking facilities

We believe the banking facilities put in place in the latter part of the year provide the Company with adequate resources to achieve its short-term financial objectives and also form an important part of enabling us to deliver our strategy going forward.

Our on-going focus remains on working capital and cash management; as a result, debt and stock levels continue to reduce, and at the same time, we have had sufficient scope to allow the Trifast teams to compete effectively.

Further details of the Group's banking facilities are contained within the Finance Review on page 12.

Current trading

The uplift in Q4 in the year being reported has continued into Q1 of the current financial year ending March 2011, and we would hope to report further positive news as we go through the period.

Our focus will remain sales-led with margin improvement, while also mindful of retaining a tight control on costs and working capital, reducing debt and continuing the ability to generate cash.

Whilst a growing number of UK manufacturers are enjoying a rise in demand for their products overseas, in UK markets, we have to be mindful of the number of external macro-factors which could slow global and UK economic recovery.

This apart, looking at Trifast, as we have already touched on, trading in Asia remains buoyant in both manufacturing and in distribution, with the UK, Europe and the US territories beginning to recover.

We are encouraged with sales daily run-rate and enquiry levels are higher than for many months. Global sales contracts successfully secured in the latter part of 2009 are beginning to come on stream and the focus on key sectors is driving further opportunities. This, coupled with the on-going optimism of customers from within the key sectors we serve which include medical equipment, electronics and automotive, provides a solid foundation for us to remain cautiously optimistic that Trifast is now positioned for recovery.

Summary

We anticipate the Group will make further progress during this current financial year as we implement "Phase 2" of our growth strategy.

The Directors are confident that TR remains on target with its three-pronged strategy and stated objective of returning the business to stronger levels of profitability through lean logistics, targeted sales and marketing with on-going margin improvement.

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

Moving forward
. . . the year ahead

- Broadening skills of both Management Board and Senior Management

  See our people www.trifast.com
- Champion Transactional Sales
- Move to centralise vendor management, purchasing & sourcing
- Group marketing and IT initiatives to support TR
- Continue to reduce debt
- Look to re-introduce dividend payments

"PHASE 2" TARGETS

- Q2 2010
  - roll out on-going cost efficiency programme within UK
  - focus on retaining key skills
  - warehousing & operations integration in Northern Europe in process
  - "centres of excellence" established in Holland and the UK
- TR Asia Group
  - capital expenditure approved to support growth
  - provides a key USP to TR's market positioning
  - actively supporting Europe and US to build TR's penetration

Quarter One

- Focus on key sectors driving opportunities
- Enquiry levels continue to increase
- Encouraged by sales daily run-rate since year end
- Global contract wins beginning to come on stream
- Category 'C' products around the Group to be sourced from China

STATUS AS AT JUNE 2010

- Trading conditions
  - all units continue to trade positively so underpinning confidence
  - Asia: buoyant conditions in both manufacturing and distribution
  - UK and Europe: gradually improving
  - US: repositioning business in marketplace beginning to recover
- TR cautiously optimistic that it is positioned for growth

Marketplace challenges and trends

CHALLENGE	SOLUTION
Competitor price down pressures on logistics systems and implementation creating the risk of losing existing and potential customer revenue	We have benchmarked our operations against several leading logistics providers (within and outside our sector) and have embarked on a comprehensive rationalisation programme to reduce resource duplication within the Group ☑
The threat of the 'W' shaped global economic recovery	The re-established Global sales team coupled with a total re-jig of our purchasing strategy will realistically enable TR to secure a larger market share despite a possible repeated reduction in overall market size. If TR had as much as 1% global market share, even in the midst of further downturn, it would enjoy sales revenue of at least £500 million, so growth aspirations remain legitimate ☑

Our KPIs for delivering the strategy

KEY OBJECTIVE	KEY PERFORMANCE INDICATOR
To win key, large profitable customers in Asia and Europe	New customer conversion rate
To win increased market penetration of TR Branded Products	Growth in sales of TR Branded Products
To retain existing customers and strengthen customer relationships to maximise the available opportunities	Growth from existing customers and customer satisfaction results
To improve the quality of our supply chain	Own manufactured spend as a % of total spend. Number of quality rejects
To continue to generate cash	Reduction in debt funding and drive organic growth percentage
Return on capital employed	More than 10%

Finance Review

Overview — Mark Belton, Group Finance Director

"As a result of the Group's concerted effort to generate cash, the Board is pleased to show that Net Debt reduced significantly from £8.40 million in 2009 to £4.68 million as at 31 March 2010"

To watch Questions and Answers with Mark Belton visit:
www.trifast.com

An operational review of the year is set out in the Joint Chairman's and CEO Statement on page 5.

Revenue

As indicated in our 2010 half-year statement, turnover reached its lowest point in Q4 2009 (January to March 2009). This level remained unchanged for the first half of 2010 providing some degree of stability. Then in H2 2010 we began to see a gradual rise, in particularly Q4 2010 (Jan '10–Mar '10) as demand increased, reflecting now what we believe to be the underlying usage.

Adjusted pre-tax profit operating margins

To stem the losses of H2 2009 (Oct '08–Mar '09), Management continued to cut costs and improve efficiencies, thus enabling the Group to break even during H1 2010. Further rationalisation was undertaken during H2 2010, primarily in the UK (which had been the hardest hit by the recession).

As at 31 March 2010 the Board is encouraged in being able to show an underlying profit figure for the Group of £0.92 million (2009: £2.54 million). The underlying profit figure is derived before separately disclosed items as stated below. The Board believes this profit figure provides a better understanding of the Group's underlying performance.

Asia was the first area to see demand increase, followed slowly by Mainland Europe, then the UK and USA. This was reflected in the Regional underlying results before Central costs, with Asia showing an adjusted profit of £2.79 million, whilst the UK and the Rest of the World lagged behind with adjusted losses of £0.59 million and £0.34 million respectively.

Gross profit margins by the year end stood at 24.4% compared with 25.3% in 2009. This decrease is due to fixed overheads being spread over a lower revenue base. However, a clearer picture is shown when comparing to H2 2009, which had a gross profit margin of 22.8%. This shows an increase of 1.6 percentage points reflecting the efficiency savings made during the year.

Results for the year

The income statement for the year ended 31 March 2010 can be summarised as follows:

	H1 30.09.09	H2 31.03.10	**Full Year 2010**	Full Year 2009
Continuing operations				
Revenue	£39.85m	£46.09m	**£85.94m**	£104.90m
Adjusted EBITDA*	£0.59m	£1.54m	**£2.13m**	£4.55m
Overheads	£9.87m	£10.29m	**£20.16m**	£23.41m
Adjusted pre-tax profit*	—	£0.92m	**£0.92m**	£2.54m
Pre-tax profit/(loss) from continuing operations	£0.18m	£(2.99)m	**£(2.81)m**	£(11.00)m
Operating cash generation	£2.25m	£1.66m	**£3.91m**	£5.91m
Net debt	£5.57m	£4.68m	**£4.68m**	£8.40m

* These figures exclude discontinued operations and take into account the separately disclosed items below, which the management believe provide a better understanding of the Company's underlying profit.

Overheads are down by £3.25 million compared to last year based on the saving initiatives already implemented. If we exclude the foreign exchange cost swing between the years of £1.07 million, the true overhead savings were actually £4.32 million.

The Board continues to remain vigilant and review areas where efficiencies can be made. However, it is mindful that to achieve ongoing growth further investment will be required.

Separately disclosed items

The following items are shown separately in the Income Statement and need to be taken into consideration to truly understand the underlying performance of the Group:

(i)	Sale of associate	£0.33 million
(ii)	Restructuring programme	(£3.42 million)
(iii)	Expense of changing banking facilities	(£0.52 million)
	Intangible amortisation	(£0.26 million)
	IFRS 2 credit	£0.14 million
		(3.73 million)

(i) Sale of associate

On 24 September 2009, the Company sold its 25% shareholding in the associate undertaking, Techfast Holding Bhd. Techfast is a Malaysian company, listed on the Kuala Lumpur Stock Exchange. The sale generated a one-off gain and a positive cash impact of £0.33 million.

(ii) Restructuring programme

Phase 1 of the restructuring programme has been implemented, totalling £3.42 million in the year. £2.80 million is in relation to closures and downsizing of sites within the UK. £0.62 million refers to redundancy/compensation payments, £0.56 million of which relates to the UK.

The cash effect of the above restructuring costs will total £3.42 million, £0.63 million of which had been incurred during 2010.

(iii) Expense of changing banking facilities

In February 2010 the Group renegotiated its old banking facilities and secured new more flexible banking arrangements. The cost of achieving this was £0.52 million in respect of one-off legal, due diligence, and bank arrangement fees. £0.30 million of the £0.52 million cash outflow was incurred during 2010.

Interest and interest cover

Net interest before one-off financing cost has fallen significantly from £0.80 million to £0.15 million. This is due to the Group's lower net debt levels and reduced interest base rates.

Net interest cover has increased from 5.7 to 14.2 (defined as EBITDA to net interest, before the one-off separately disclosed items).

Going forward, it is anticipated that finance expenses will increase as higher banking charges have been agreed as part of the new banking facilities.

To protect against significant interest rate increases, the Company has taken out a 3% fixed cap interest rate hedging instrument for three years.

Taxation

Overall there was a tax credit of £0.62 million, ETR 22% (2009: a tax charge of £0.52 million, ETR 4.7%) in the year. This largely reflects a deferred tax credit as a result of the increase in the UK's deferred tax asset in relation to brought forward losses.

All of the 2010 current tax charge related to overseas operations.

Balance sheet and funding

At 31 March 2010, total Shareholder equity amounted to £40.18 million (2009: £42.47 million) a decrease of 5.4%, reflecting the loss incurred in the period.

Net working capital fell by £3.58 million, largely as a result of the Group's reduction in gross stock levels in order in generate cash.

As a result of the Group's concerted effort to generate cash, the Board is pleased to show that Net Debt reduced significantly from £8.40 million in 2009 to £4.68 million as at 31 March 2010.

In February 2010 the Group's banking facilities were changed in order to provide more security and flexibility. The existing Gross Debt of £14.82 million was repaid and the overdraft facility of £6.00 million cancelled; replacing these were a three-year Asset Based Lending facility of £13.50 million (as at 31 March 2010, £7.22 million was utilised), a bridging loan of £2.00 million and a term loan of £4.00 million (as at 31 March 2010 the amount outstanding was £4.88 million).

Trading forecasts show that these new facilities provide sufficient headroom up until the date of renewal. In addition, current forecasts show that the Group will retain liquidity headroom beyond this date. However, the Board is keen to renegotiate terms of facilities with the Bank to provide the Group with more security and flexibility for the longer term.

As a result of the above changes, Gross debt at 31 March 2010 was £12.10 million, a reduction of £2.72 million. Overall gearing is down to 12% (2009: 20%) reflecting the reduced Net Debt position.

The Group's net cash balances were £7.42 million (2009: £6.42 million), of which £7.81 million was held in foreign currencies (2009: £6.42 million). As a Group, our policy is, where possible, to hold the same local currency as the respective local entity. We monitor exchange rates and buy and sell currencies in order to minimise our open exposure to foreign exchange rates but remain mindful of operational requirements. We do not speculate on rates.

Cash flow

Cash generation is a continual key objective of the Group. Stock levels have been driven down to an optimum level, but without being detrimental to the business.

Cash generated from operations was £3.91 million before tax (2009: £5.91 million). However, during the year, cash paid out on one-off separately disclosed items was £2.61 million, which reflects that the underlying cash generation was £6.52 million and the true cash generated from working capital was £7.80 million.

Debtor days remain strong at 69 (2009: 70) and bad debts in the period were £0.07 million, which is felt acceptable given the current economic climate.

Capital expenditure in the period was modest at £0.22 million. Although conservation of cash is still extremely important, the Board will not stifle Capex plans that will expand the business and lead to future cash and profit generation.

Dividend

No dividend payment is being proposed in respect of the year ended 31 March 2010. As already indicated, the restoration of a yield is an important issue and it is the Directors' intention to redress the situation as soon as practical.


INCH

Inside Trifast

At the heart of TR is the strength of our people, systems and technical competence.

Our strategy is based on:

- ☑ Leadership
- ☑ Drive
- ☑ Motivation
- ☑ Focus
- ☑ Determination

Trifast Board of Directors

Malcolm Diamond MBE

Executive Chairman

- Appointed on 18 March 2009
- Retired from Trifast in 2002 following a successful career spanning over 20 years with the Company as CEO
- Malcolm was the principal driver of Trifast's founding strategic development, led the PLC listing in 1994 and achieved TR's objectives of improving market penetration and a strong global presence
- Now responsible for investor relations, and supporting the CEO with mentoring heads of Sales and Marketing, plus revising the TR USA business plan and directing its implementation
- Other directorships include Senior Independent Director (NED) of Dechra Pharmaceuticals PLC; Independent Director (NED) of Unicorn AIM VCT Investment Fund. He is also Chairman of Cathedral Works Organisation Ltd and Partner at Soundscape Environmental Structures LLP

Jim Barker

Chief Executive

- Re-appointed on 18 March 2009
- Focused now on direct interaction with the key TR Country and Regional team leaders responsible for sales, purchasing and sourcing in order to sustain the strategic business recovery plan instigated in April 2009
- Succeeded Malcolm Diamond in 2002 as CEO (30 years' experience in fastener industry) and guided the development of TR until his retirement from TR in 2007
- Played a major role in the development of Trifast's international footprint particularly in Asia in both manufacturing and distribution, helping to underpin 'TR' as a leading brand within the industry
- Chairman of the British Association of Fastener Distributors
- British Representative of the European Fasteners Distributors Association

Mark Belton

Group Finance Director and Company Secretary

- Appointed to the Board on 16 June 2010
- Responsible for all aspects of Group finance, Company Secretariat and provides support to the TR operations
- Joined the European Operating Board in 2006
- Became Group Financial Controller and Company Secretary in 2004
- Appointed European Finance Controller in 2003
- Joined Trifast in 1999 and made Group Accountant in 2000
- Qualified as Chartered Accountant at KPMG in 1994

Geoff Budd

Technical Director

- Joined the Company in 1976
- Executive Member of the Board since 1986
- Extensive experience in the industry
- Focused now on leading Group technical support including specialised sourcing and procurement, Quality Assurance and upgrading internal data transfer systems and procedures amongst TR Global business teams

1 Geoff Budd
2 Malcolm Diamond
3 Jim Barker
4 Mark Belton
5 Seamus Murphy
6 Glenda Roberts
7 Neil Chapman
8 Jonathan Shearman

Seamus Murphy

Director of Operations, HR and IT

- Appointed to the Board on 16 June 2010
- Responsible for the on-going development and strategic direction of TR's European and US business with the objective of maximising operational efficiencies across the network
- Integrated Serco Ryan finance function in 2005, taking on the role as European Purchasing & IT Director within TR
- Qualified accountant with extensive commercial experience gained over 20 years in multi-site distribution
- Ten years as Finance Director at Serco Ryan, prior to the business being acquired by TR
- Seven years with British Steel Distribution

Glenda Roberts

Group Sales Director

- Appointed to the Board on 16 June 2010
- Glenda has more than 30 years of experience in the fastenings industry, from manufacturing through to distribution
- She has been with TR for 20 years
- Her sales roles within TR have taken her from Sales Director in the UK, to the role of Global Account Director for eight years, and in 2010 she took on the role as Group Sales Director
- She has extensive experience working with multinationals globally, and has spent time working in China, Eastern Europe, Mexico and India as the newer markets emerged. The knowledge and skills she has gained in this time have enabled her to relaunch the TR Sales strategy in 2009, and refocus the Sales teams into the areas and industry sectors that will be the most productive for the business

Neil Chapman

Senior Independent Director (NED)

- Appointed on 24 March 2009 as Senior Independent Director and Chairman of the Company's Audit Committee and Nominations Committee
- Former Senior Partner of KPMG's South East region
- Extensive experience across a variety of disciplines and sectors including technology, commercial and industrial products
- Other current roles include: Group Finance Director of Endeavour Holdings Ltd and Managing Director of Rivervale Cars Ltd

Jonathan Shearman

Independent Director (NED)

- Appointed on 1 July 2009 as Independent Director and Chairman of the Company's Remuneration Committee
- Extensive City experience having worked within the stockbroking and investment community for 15 years
- Other current roles include: Adviser to the Chief Executive of European Investment Banking Group, Altium; Key facilitator to the Leadership team of the Christian Centre, Nottingham

Management Structure

Neil Chapman
Senior Independent Director

Jonathan Shearman
Independent Director

Malcolm Diamond MBE
Executive Chairman

Jim Barker
Chief Executive

Seamus Murphy
Operations HR & IT

Mark Belton
Group Finance

Glenda Roberts
Group Sales

Geoff Budd
Technical Director

COUNTRY MANAGERS

Steven Tan
Consultant

Key Disciplines

To watch our
Corporate Video visit:
www.trifast.com

Key Disciplines

UK

Dave Fisk
General Manager, TR Southern Region

Steve Meiklem
General Manager, TR Northern Region

Sam Wilson
Managing Director, Lancaster Fasteners

Keith Gibb
Sales Director, TR Branded Products

EUROPE

Ron Vlutters
Holland

Zoltan Csengeri
Hungary

Dara Horgan
Ireland

Jan Erik Storsve
Norway

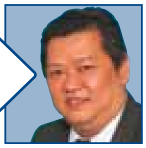
Roberto Bianchi
Sweden

ASIA

Thomas Tan
Managing Director, Asia

Phua Yong Sang
China

HK Tan
Malaysia



Endy Chin
Singapore

Wilson Chen
Taiwan

USA

Alan Bate
Managing Director

Key Disciplines

Anjanita Eldridge
Group Marketing

Ian Carlton
Quality

Roberto Bianchi
Sourcing

Helen Toole
HR Adviser

Key Disciplines

The Trifast Culture

"A passionate approach to service and truly innovative thinking have helped create the Trifast culture"

If you think you're beaten

If you think you're beaten, you are,
If you think you dare not, you don't.
If you'd like to win, but think you can't,
It's almost for sure, you won't.

If you think you're losing, you've lost.
For out in the world we find —
Success begins with a person's will,
It's all in the state of mind.

If you think you're outclassed, you are,
You've got to think high to rise.
You have to stay with it,
In order to win the prize.

Life's battles don't always go,
To the one with the better plan.
For more often than not, you will win,
If only you think you can.


Operate through motivated and focused business teams


Management being regularly accessible and visible in person


Communicate more by talking and visiting than by memos and emails!

Reasons why our customers choose us

Key Market Sectors:

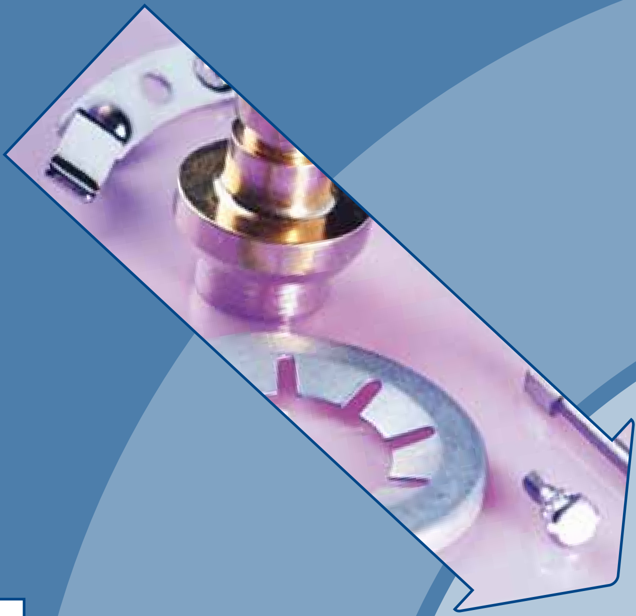
Electronics

Automotive

Medical Equipment

Domestic Appliances

Telecoms



TR has the capability to supply over 100 million components a day.

www.trifast.com

Reliability, quality and commitment

One-stop shop broad product range

Continuous improvement

On-line web based data resource

Fresh and functional tool for both new and existing customers, buyers and design engineers see:

www.trfastenings.com

Low cost manufacturing from our 5 Asian factories

TR Asia has the capacity to produce 6 billion parts per annum all used across key sectors.

Find out more on page 26

Client specific supply chain logistics

Global footprint, local presence

A dynamic business, TR has operations in Europe, the Americas and Asia.

www.trifast.com

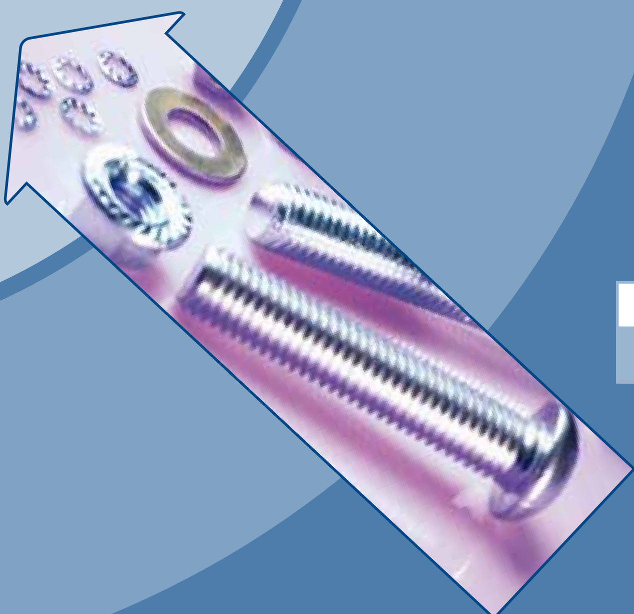
Design and application technical client support

Our people

TR employs over 800 people across its network of 21 sites.

Find out more on page 20

24/7 service support from L.A. to Shanghai



Follow us on Twitter:

http://twitter.com/trfastenings

Financial stability

Trifast in Asia

Overview — Thomas Tan, Managing Director

"TR Asia has successfully leveraged its USPs to positively differentiate its position in the marketplace"

Pictured right:
Front, left to right:
Thomas Tan,
David Ng,
Toh Hai Joo

Back, left to right:
C. G. Lim,
Dominic Heng,
Endy Chin,
Eric Tay

TR Asia employs 400 people across the region and represents around 25% of Group revenue.

TR Asia has the capacity to produce six billion parts per annum covering products such as machine & tapping screws, automotive screws, form parts to self-clinching fasteners and micro-screws, all of which are used across key sectors including consumer electronics, business and data transfer equipment, automotive, medical equipment, domestic appliances, and cash dispensers.

TR Asia adds value to TR's Global team by serving customers both globally and locally in Asia. It also supports the Global sales team in product development, securing new global customers and the expansion of existing relationships.

Sales and Account Managers are fully deployed in most parts of Asia directly and via distribution.

TR Asia engages a wholesome approach to capture market opportunities using a three-pronged approach to grow Asia.

TR Asia is based in Singapore and operates through the following regions:

Singapore — manufacturing and distribution
Malaysia — manufacturing and distribution
Taiwan — manufacturing and distribution
China (Suzhou) — manufacturing
China (Shanghai) — distribution
India (Chennai) — distribution

Growing existing accounts

Account Managers utilise their account relationship management skills set to acquire more business from existing customers, new projects, global OEM's and increase market share from our competitors.

New business development

Business Development Managers (known as 'hunters') utilise their hunting skills to acquire new customers.

TR Asia Organisation Chart

- Managing Director TR Asia
  - Regional Financial Controller
  - General Manager TR Singapore
    - TR Formac Singapore
    - TR Formac India
  - General Manager TR Formac Malaysia
  - General Manager TR Formac China
    - TR Formac Shanghai
    - TR Formac Suzhou
  - General Manager TR SFE Taiwan
  - Asia Business Development Manager

Inside Trifast continued

Expanding into new geographical markets

TR Asia has recently set up a legal entity in Chennai, India in order to tap into the enormous market in that region. The next move will be to establish a presence through a representative office in Thailand, where opportunities still exist, and also on into Vietnam.

Investment in TR Asia is necessary to ensure that TR keeps pace with demand from our customers and continues to grow the business. Our immediate investment plans will be upgrading and buying new Quality control equipment as more and more customers are aiming at "zero" defect products.

The bulk of our investment plans in 2010/11 will be on relocating TR Suzhou in China out of the "Export Processing Zone" as products are mainly sold locally from here. This action will see the Company saving around 20% in cost, thus improving the bottom line.

Investment in people remains on-going as our success is very much dependent on the people and skills we employ. Our success is reflected through our dedicated teams across the region.

What do we see as our USPs?

- in-house low cost manufactured products that are consistently high in quality
- delivery anywhere in the world
- TR manufactures a broad range of specialist Branded Products such as self-clinch studs and nuts, which are becoming the preferred choice by customers, and
- technical specialists add value to our on-line resource expertise. TR's commercial website is now the most visited fastener website for technical data.

TR Asia has successfully leveraged its USPs to positively differentiate its position in the marketplace. As we continue with this strategy, we anticipate seeing further benefits feeding through in the short to medium term.

Global **Sales**

Overview — Glenda Roberts, Group Sales Director

"We have entered our "Phase 2" year strongly with a renewed confidence based on results"

My role in previous years involved leading a strategic team who were responsible for a number of Global accounts that we supplied on three Continents. I was asked to step back into the heart of the business during the recession to reorganise the Sales structure, and formulate a clear strategy so that we emerged strongly from recession.

The objective was to ensure that we had a business model in place for the different types of customers we service globally, respecting the needs of different industry sectors and demands.

They are:

- Global and Regional OEMs
- The CEMs — the Contract manufacturers that support them
- Transactional Sales — the smaller accounts
- Distributor Sales

I took the approach that "recession" was not to be used as an excuse not to be able to sell, and banished the R word. I took the stance that "if you think you can't . . . you won't" and that became the mindset change for the Sales force. The opportunities came in different forms, but we took advantage of the fact that some of our competitors were in disarray during this time. Working closely with Marketing we stepped up our activities, and increased our focus on Telemarketing within the UK which was the hardest hit geographical area of the business during recession. An enquiry Portal was developed within our computer system by our own people, which has proved to be a fantastic tool in the business as we now see every enquiry in Europe and America, and all Automotive enquiries globally. This allows the "experts" from different disciplines, (eg: Quality, Engineering and Sourcing and Senior Managers) to get involved at the inception of the business. This close attention has resulted in a dramatic improvement

in our conversion rates for new business, and has increased the confidence of the Sales teams. We have always been a Company that performs better when we are winning!

The Sales teams in Europe were restructured, and I took responsibility for the strategy and re-motivation of the sales personnel allowing the General Managers to concentrate on the Operations. Essentially now the Business Development Managers spend approximately 60% of their time on the major OEMs in their area; the balance of time is focused on developing new business, as they have 12 target accounts and the leads that are generated by the Telemarketing team. Quarterly meetings are held with myself, the Regional Sales Managers and their teams and the dialogue between us is constant.

Asia weathered the recession in sales terms better than Europe, and the concept there is to continue to ensure any business transitioned from Europe to China in particular, is managed and that we retain and grow it. This policy has worked well for the last eight years and we have strengthened the Sales teams, and have a Regional Manager in place. The new focus is on the accounts we have in Europe and America, ensuring if they have sister plants in Asia that we "connect" these up East and West. We are pursuing some of the high volume electronics manufacturers who have re-positioned their manufacturing to these lower cost regions, but whose design centres are usually still in the USA.

This is where the Strategic team roles are vital as they can use their Global customer contacts and contracts to open the doors. We are now seeing the re-emergence of the large multinationals putting their global procurement teams back in position, and we are in a prime position to work with these teams. We have stepped up our activity, been involved in securing some very good contracts within the Automotive sector. Recently, in the face of strong competition, we were awarded the Philips lifestyle business for all of their European plants.

These new contracts take time to bring on board, but we are skilled in managing this process. The commitment and energy that goes into this is enormous and involves all areas and disciplines of the TR business.

The involvement with these demanding multinationals, particularly during the TR site audits, has made us look hard at our processes and systems again, and as a result of these activities the benefits will be felt back in all areas of the Company. Corporate Social Responsibility (CSR), Sustainability, Vendor Management and the new legislation REACH are all hot topics. The criticality in having our own manufacturing should not be underestimated, particularly going through the product design and testing phase, and New Product Introduction (NPI).

Our organic growth is modestly exceeding our forecasts, and the new business is now making a positive impact on the figures. The growth can be analysed now by industry sectors, and we have seen an exceptional rise in our Automotive business where we have been very active. This will continue because of the contracts we have been awarded often with a six-year life span. We will be balancing this with a renewed drive into the Electronics and General Industrial areas, and emerging fastener rich new markets like renewable energy.

Sales of our Branded Products to Distribution have seen a strong recovery, and both the TR Branded Products team and Lancaster Fasteners have produced very good results. Many distributors in Europe and America had destocked during the last 18 months, and conserved their cash. We had stocks positioned and ready for when the upturn came and have been able to capitalise on this.

We have entered our "Phase 2" year strongly with a renewed confidence based on results.

Change Management

Overview — Seamus Murphy, Director of Operations, HR and IT

"We will continue to work towards a combination of "centralised hubs" and "centres of excellence" to complement our new 'sales-led' structure and philosophy"

As the Group enters its next stage of development, I will be responsible for the on-going development and strategic direction of TR's European and US business operations with the key objective being, the maximising of operational efficiencies across the network as well as leading the change management necessary to achieve the "rebuild strategy".

Planning, implementing and managing sustainable change in a fast-changing environment is increasingly the situation in which most organisations now work.

Dynamic environments such as these require dynamic processes, people, systems and culture, especially for managing change successfully, notably effectively optimising organisational response to market opportunities and threats.

Operations & Information Technology (IT)

During "Phase 2", we will continue to work towards a combination of "centralised hubs" and "centres of excellence". Not only does this help us drive down costs through the elimination of many duplicated processes, it also complements our new "sales led" structure and philosophy.

"It is not the strongest species that survive, nor the most intelligent, but the ones who are most responsive to change"

Charles Darwin

The principles of "lean logistics" are steadily being adopted in areas such as warehousing, packaging, freight, stock management and supply chains both internally and externally and, through a number of initiatives that are already under way which should see us continue to achieve significant operational savings in these areas.

And of course, supporting all of this and the rest of the Company disciplines is the IT function where we continue to deliver process/transactional efficiencies to the business and maintain a robust system and service delivering timely information that enables the business to make accurate and effective commercial decisions.

Trifast Human Resources Study

As a result of the importance of change management to the overall TR strategy it was felt necessary to commission an HR Adviser to review the Group's HR function.

This project included one-to-one interviews with a number of Directors and Managers throughout the business, focus groups comprising volunteer employees to gauge their views, visits to several UK sites, and a desk-top review of current policies and procedures. The commission also included a review of the electronic HR systems currently in place.

The HR review had an agreed remit and covered all areas of the 'people' aspects of our business including HR strategy and communication, recruitment and selection, induction, training, performance management, attendance management, contracts of employment, staff handbook, Health & Safety and HR reporting.

The full report, which was presented to the Trifast Board, clearly identified the undoubted commitment of the staff to the future success of the business. It has also provided a platform to enable the leadership team to plan a more resourceful HR discipline going forward around the following key elements:

- the introduction of a more simple but effective performance review system clearly linked to corporate goals and objectives;
- re-invigorate investment in training particularly in supervisory and management skills;
- further develop effective methods of communication including the use of social media;
- ensuring a culture of "continuous improvement" pervades the entire organisation and becomes part of the TR Culture; and
- re-instigate TQM (Total Quality Management) reviews across the business. This initiative commences Autumn 2010, when the Chairman and CEO will visit all TR business units.

Marketing Team

Overview — Anjanita Eldridge, Group Marketing Manager

"Our focus is to deliver effective marketing programmes to both existing and target customers and market sectors"

Having taken on the role of Group Marketing Manager in September 2009, leading the marketing team under the direction of Chairman, Malcolm Diamond, it has been a very exciting yet challenging year for the department.

Our key task is to develop the Marketing function through balancing on-going promotional and communications activity with closer collaboration with Group Sales Director, Glenda Roberts, and TR Branded Products Sales Director, Keith Gibb, whilst looking at opportunities to further expand marketing activity in line with the strategic direction of the Group.

Following a visit to TR's Asian subsidiaries in the early part of 2010, the Marketing team is now working very closely with TR Asia to ensure that the "TR brand" image and corporate communications are consistent across the business. There are subtle cultural elements that need to be taken into account when developing global marketing and communications strategies. Therefore, the time invested in Asia with David Ng, the Sales and Marketing Manager, has provided a greater insight into the culture and workings of the region.

This has been key, allowing the marketing teams to establish a better working partnership and to manage output with clear goals and objectives both at Group level and locally.

More recently, the team has been pursuing a market-oriented approach; the department is in the process of developing a market research Portal for TR's sales and support staff globally. This means information on emerging themes, developing trends and activity in the marketplace can be easily accessed and updated helping us all to make more informed decisions and build on our collective knowledge.

Pictured:
Left:
Marie Spratt,
Marketing representative for
TR Southern Ireland

Right:
Group Marketing team;
Anjanita Eldridge,
Abi Burnett,
Donna Weller

Inside Trifast continued

Increasingly, we are seeing a more interactive experience between the Marketing department and the rest of the Group which is a very positive step towards improving our internal communications and free flow of information which in turn, reflects the needs of our customers into our marketing strategy.

TR's Marketing team will also continue to develop its core activities, for example, building on the success of the TR website. Spending time with our customers' engineers has really clarified areas for improvement, and we are now well on the way to seeing major enhancements on the functionality and content of the TR website. As a priority we will continue to make on-going developments so that the website will always remain a fresh and functional tool for prospective customers, buyers and design engineers.

The massive diversity within the fastener industry and our customer base means that we have to be mindful of the intricacies of individual sectors, from distribution, global accounts and one-off transactions through to complex vendor managed solutions.

As a team, we are highly responsive and we can quickly adapt to the changes in our industry. Our focus is to deliver effective marketing programmes to both existing and target customers and market sectors that are relevant, informative and timely and which, as we strive for excellence, highlight how TR can and will deliver on its promises.

Follow us!!

Finance Team
supporting global operations

"Further initiatives will see the finance teams work in partnership with the business to achieve strategic goals identified for the coming year"

Under the leadership of the Group Finance Director, Mark Belton, the Group finance team provides support and technical resource to the local finance teams throughout the business.

Over the last twelve months, the Central team has successfully worked through many changes around the Group as well as within its own framework. New systems have been introduced and new business practices implemented, all of which will enhance the efficient operations of the Group's finance function — the key focus being on cash flow and control of working capital.

The Group and UK finance teams played key roles in comfortably satisfying the due diligence requirements and subsequent negotiations with the Group's Bankers for the new financing facilities which were put in place in the latter part of 2009.

It is a testament to the strength, skills and commitment of the people across the finance teams that has helped us achieve the objectives we set last year and inspire confidence that further initiatives will see the teams work in partnership with the business to achieve strategic goals identified for the coming year.

Pictured:
Right:
Carolyn Emsley,
Assistant Company Secretary,
Lyndsey Case,
Group Accountant,
Jon Gibb,
Group Management Accountant,
Maria Johnson,
UK Financial Controller,
Mark Belton,
Group Finance Director

Your questions answered

Malcolm Diamond

What has been your key message to Investors?

"We are now in 'rebuild strategy' stage which will help drive the business forward. Also, we are focusing on those things which TR control and can influence such as logistics, sourcing and purchasing, sales and operations"

What is your goal for the business?

"To be the global preferred fastener vendor to the top 30 multinational manufacturers of auto interiors, medical equipment, electronic assemblies and sheet metal sub-assemblies by 2012"

Why at this stage have you added to the Main Board?

"We have a clear strategy to reposition and rebuild TR's market position and we have made these Board appointments and a number of Senior appointments to help achieve our goals. Each member has responsibility for a key discipline and the structure is capable of delivering the strategy — no extra costs"

Do your top 10 customers contribute more than 30% of revenue?

"No — we have a good spread and no one customer even where we work in partnership across our operations represents a significant size, there is a lot to go for and we are up for the challenge"

"The Board is confident that its three-pronged strategy will return the business back to stronger levels of profitability, dividend yield and shareholder value"

What's key to the TR recovery story?

"To return the business back to stronger levels of profitability through lean logistics, targeted sales and marketing with on-going margin improvement."

"This and the on-going optimism of customers from within the key sectors we serve provides a solid foundation for us to remain cautiously optimistic that Trifast is now well on that road of recovery"

What are your key messages to all the people at TR and stakeholders?

"Steady as she goes, the banks are supportive, customers are supportive and the Group is not in intensive care"

"The new team believe strongly TR can continue to respond to the economic environment through its leading market position in the fastenings industry, expanding and exploiting the markets it serves, whilst also identifying other opportunities to further strengthen the business."

How have you found the last 12 months?

"Jim and I have between us visited all parts of the business from Asia through to Europe, UK and USA and it has been both tough but rewarding, talking with everyone and making them part of this rebuild process"

"Out of this it has become very clear that TR has great people with knowledge, drive and commitment.

"Instilling confidence in the teams in these challenging times is key. Together, we are securing the future success of the business, so it's down to a team effort that we now find ourselves in a stronger position with many opportunities ahead"

To watch Questions and Answers with Malcolm Diamond visit:

www.trifast.com

Financial Reporting **and Governance**

Key Financials

- ☑ Cash conversion from stock £3.7 million
- ☑ Overheads down £3.25 million
- ☑ Operating cash flow £3.91 million (2009: £5.91 million); net debt £4.68 million (2009: £8.40 million)
- ☑ Restructuring £3.42 million; Refinancing £0.52 million
- ☑ Sale of Associate £0.33 million

Directors’ Report

The Directors present their Directors’ Report and financial statements for the year ended 31 March 2010.

Results and proposed dividends

Total Group revenue from continuing operations was £85.94 million (2009: £104.90 million) and the loss for the year before taxation was £2.81 million (2009: loss £11.00 million). Underlying profit for the Group was £0.92 million (2009: profit £2.54 million); see note 2 for breakdown.

The Directors do not recommend a final dividend (2009: £nil).

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 page 5. An analysis of key performance indicators is given on page 11.

A description of the principal risks and uncertainties facing the Group is discussed on page 10.

A description of the main trends and factors likely to affect future development is given on pages 10 and 11.

Information on environmental and social issues is provided on page 42.

The key assumptions underlying the going concern basis of preparation, including a discussion of the Group’s new banking facilities, are included on page 63.

Annual General Meeting

The Annual General Meeting will be held on 21 September 2010 at Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Policy and practice on payment on 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 48 (2009: 45) and 82 (2009: 75) for the Group.

Directors and Directors’ interests

Details on how the Company appoints and replaces Directors are disclosed in the Corporate Governance Statement section of the Directors’ report.

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)
G P Budd

Independent Directors (Non-Executive)

N S Chapman — (Senior Independent)
J Shearman — (appointed 1 July 2009)

The Directors’ remuneration and their interests in share capital are shown in the Remuneration Report on pages 47 to 53.

Substantial shareholdings

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

As at 31 May 2010, 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
Gartmore Investment Management Limited	11,489,483	13.48
Schroder Investment Management Limited (SIM)	11,254,529	13.20
Michael C Timms	10,000,000	11.73
Fidelity Management Research	8,520,000	9.99
Michael J Roberts	5,960,000	6.99
Axa (Institutional Group)	5,315,800	6.24
Hermes Fund Managers Limited	4,871,675	5.71
River & Mercantile Asset Management LLP	4,200,811	4.93
Universities Superannuation Scheme Ltd (USS)	2,848,618	3.34

Corporate Governance

The Corporate Governance Statement on pages 44 to 46 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 of Directors are set out in the Corporate Governance Statement section of the Directors' Report on pages 44 to 46. 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 pages 48 and 49) there are no agreements between the Company and its Directors or employees which provide for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

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

Employees

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

Political and charitable contributions

During the year the Group made no political donations (2009: £nil) and various charitable contributions totalling £0.02 million (2009: £0.02 million).

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
15 June 2010

Company registered number: 1919797

Corporate Social Responsibility

Corporate Social Responsibility

We recognise that our social, environmental and ethical conduct has an impact upon our reputation. We take our Corporate Social Responsibility (CSR) seriously and are committed to implementing our policies and systems across the Group. These include good ethical behaviour, concern for employee health & safety, care for the environment and community involvement.

The Board takes ultimate responsibility for CSR and is committed to developing and implementing appropriate policies to create and maintain long-term value for Shareholders. Sound company ethics make business sense by helping to minimise risk, ensuring legal compliance, enhancing company efficiency and building reputation among stakeholders.

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.

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.

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.

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.

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.

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 website as one of the main routes for providing information to interested parties and for contacting us.

Corporate Governance

With exceptions as highlighted below, the Company complied with the provisions of the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008 (as amended) ("the Combined Code").

The Board acknowledges that for part of the year the Board structure was not compliant with provision C.3.1 of the Combined Code due to restructuring of the Board. This provision requires a smaller company to have at least two independent Non-Executives. This non-compliance was rectified with the appointment of an Independent Non-Executive Director, Jonathan Shearman, on 1 July 2009.

The reduced Non-Executive position of the Company between 1 April 2009 and 30 June 2009 meant that the Company was also unable to comply with the Combined Code minimum Non-Executive Director requirements in the Audit, Remuneration and Nomination Committees during this time.

The Board also acknowledges Malcolm Diamond is a non-independent Executive Chairman which does not comply with the requirements of the Combined 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.

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

The Board

During the year the Board consisted of two 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 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 ten times during the period with attendance as follows:

J C Barker	10
G P Budd	10
M M Diamond	10
N S Chapman	10
J Shearman (appointed 1 July 2009)	7

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 below:

The Audit Committee

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

It is Group policy to ensure auditor independence by carefully considering any non-audit work carried out by the Auditors. The Group uses a number of professional advisers and has a specific policy not to use the current external Auditors for any accounts preparation work.

The Audit Committee comprises entirely the Independent Non-Executive Directors. It is chaired by Neil Chapman and has met four times in the year. Jonathan Shearman was appointed to the Committee on 1 July 2009. During the period the Committee felt that, given the size of the Group, it was valuable having the Chairman, CEO and CFO attending the committee meetings. The external Auditor 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 qualified FCA, 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 was chaired during the year by Jonathan Shearman. Jonathan joined the Committee on 1 July 2009. The Committee meets as required during the year to review and determine the terms and conditions of employment of the Executive Directors and senior management, including levels of remuneration and other benefits. During the period, the Committee met on two occasions.

The Nominations Committee

The Nominations Committee comprises 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 has a website, www.trifast.com, which is regularly updated to ensure that Shareholders are fully aware of the Group's activities. The Group's Registrars, 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 — Institutions
Citigate — Press, Analysts and Private Client Brokers
Edison — Analyst information available via TR website or Edison

The members of the Audit, Remuneration and Nominations 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 report

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 Combined 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.

Corporate Governance continued

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.
- Regular "Healthcheck" reviews are undertaken at each site to cover both operational and financial controls with reports reviewed by the Audit Committee.
- 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 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 2010. This Report has been prepared in accordance with Schedule 8 of the Large and Medium Sized Companies Regulation ("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 Combined Code and it is their opinion that throughout the year, outside of the reduced Independent Non-Executive position of the Company from 17 March to 1 July 2009, the Company complied with the Principles and Provisions on remuneration specified in the Combined 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 the inside back cover of the Report and Accounts.

The Committee had two 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 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

During the year the Committee reviewed its remuneration policy to ensure that it continues to motivate, retain and incentivise the key individuals within the Company who are ultimately responsible for driving Shareholder value.

The overriding principles behind the policy are that levels of salary should be competitive and balanced with the opportunity to earn generous rewards from short and long-term incentives to the extent of achievement of stretching performance targets which lead to the enhancement of Shareholder value.

Actual remuneration to the Directors is shown in the table on page 52.

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 2010 was to set base salaries around the lower quartile to median 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 drawn from the following industry sectors:
  - — Support Services
  - — Engineering and Machinery
  - — Electronic and Electrical Equipment
  - — Engineering
- The performance of the individual Executive Director.
- 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 competitive with the comparator group.

Directors' Remuneration Report continued

(Information not subject to audit)

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 at 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

The Company has agreed to make a contribution of a maximum 20% of current basic salary into Geoff Budd's private pension scheme.

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

Annual Bonus payment

For the year ended 31 March 2010 no bonuses were paid. A full review of the Executive Remuneration packages including the balance between fixed and variable performance related compensation will be performed by the Remuneration Committee during 2010.

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 51.

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

The Executive Directors may also participate in the Trifast Savings Related Share Option Scheme that is open to all UK employees and is Inland Revenue 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).

Shareholding guidelines

The Committee will ensure that Executive Directors are encouraged to build up a meaningful holding in the Company over a five-year period. This demonstrates their commitment and confidence in the Company going forward and further aligns the interests of the Executive Directors with those of Shareholders.

Contracts

a) Executive Directors

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

M M Diamond	6 months (12 months in the event of a change in control)
J C Barker	6 months (12 months in the event of a change in control)
G P Budd	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:

G P Budd	17 April 2003
M M Diamond	18 March 2009
J C Barker	18 March 2009

b) Independent Non-Executive Directors

All Independent 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:

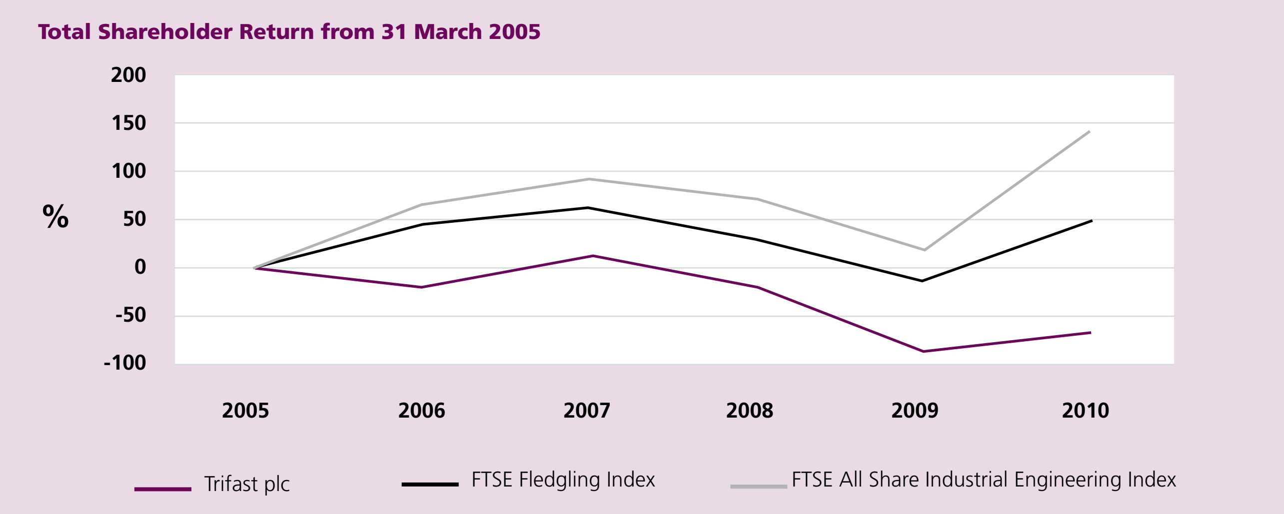
N S Chapman	24 March 2009
J Shearman	1 July 2009

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 Inland Revenue 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.



The Remuneration Report (including accompanying notes) was approved by the Board of Directors on 15 June 2010 and was signed on its behalf by:

Jonathan Shearman
Remuneration Committee

Notes to the Directors’ Remuneration Report

(Information not 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/date of appointment**
G P Budd	245,955	245,955
J C Barker	473,229	473,229
M M Diamond	493,800	493,800
N S Chapman	400,000	220,000

There were no non-beneficial interests.

The Directors retiring by rotation are Malcolm Diamond 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 2009	Options granted in the year	Options cancelled in the year	**At 31 March 2010**
G P Budd	17 Dec ’99	2.510	92,000	—	(92,000)	**—**
	24 July ’00	2.690	64,800	—	(64,800)	**—**
	2 July ’03	0.650	125,000	—	(125,000)	**—**
	27 Sept ’04	0.730	160,000	—	(160,000)	**—**
	30 Sept ’09	0.085	—	500,000	—	**500,000**
	SAYE Options	0.170	—	53,382	—	**53,382**
J C Barker	30 Sept ’09	0.085	—	2,000,000	—	**2,000,000**
M M Diamond	30 Sept ’09	0.085	—	2,000,000	—	**2,000,000**
N S Chapman	30 Sept ’09	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 51p, 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.

The market price of the ordinary shares at 31 March 2010 was £0.23 (2009: £0.09) and the range during the year was £0.08 to £0.29 (2009: £0.08 to £0.58).

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

The details of the awards under the LTIP held at the start of the year by Executive Directors who held office during the financial year are shown below:

			Value of Shares Conditionally Awarded		
Executive Directors	**Date of grant**	**Share price at date of grant**	**Number**	**Value at date of grant**	**Date of the end of the holding period**
G P Budd	31.07.2006	54.25p	300,000	£162,750	31.07.2009
	31.07.2007	82.25p	210,942	£173,500	31.07.2010
	31.07.2008	51.50p	413,793	£213,103	31.07.2011

G P Budd waived the rights to these LTIPs during the year.

At 31 March 2010, no Director of the Company held any LTIP awards.

Notes to the Directors’ Remuneration Report continued

(Information subject to audit)

Directors’ Remuneration

March 2010 **Name**	**Fees** **£000**	**Salaries** **£000**	**Subtotal** **£000**	**Pension** **£000**	**Total** **£000**
Chairman					
M M Diamond	—	100	100	—	100
Executive Directors					
J C Barker (CEO)	—	175	175	—	175
G P Budd	—	187	187	37	224
Independent Non-Executive Directors					
N S Chapman	30	—	30	—	30
J Shearman (appointed 1 July 2009)	18	—	18	—	18
Totals	**48**	**462**	**510**	**37**	**547**

March 2009 Name	Fees £000	Salaries £000	Benefits in kind £000	Restructuring costs[1] £000	Subtotal £000	Pension £000	Total £000
Chairman							
A V Allen (resigned 17/03/09)	67	—	—	—	67	—	67
M M Diamond (appointed 18/03/09)	—	4	—	—	4	—	4
Executive Directors							
J C Barker (appointed 18/3/09)	—	7	—	—	7	—	7
G P Budd	—	216	11	—	227	42	269
S Lawson (resigned 31/01/09)	—	190	1	281	472	38	510
S Auld (resigned 17/03/09)	—	295	1	375	671	59	730
Independent Non-Executive Directors							
N S Chapman (appointed 24/03/09)	2	—	—	—	2	—	2
E G Hutchinson (resigned 17/03/09)	34	—	—	—	34	—	34
B Wilson (resigned 17/03/09)	34	—	—	—	34	—	34
Totals	137	712	13	656	1,518	139	1,657

[1] The restructuring costs relate to compensation for loss of office for Steve Auld and Stuart Lawson following them stepping down from the Board on 17 March and 31 January 2009 respectively.

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 complies 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

Independent Auditors' Report to the Members of Trifast plc

KPMG

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 2010 set out on pages 55 to 104. 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 53, 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 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 website at www.frc.org.uk/apb/scope/UKP.

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 2010 and of the Group's loss 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.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 45, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 44 to 46 relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

P Alex Sanderson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 June 2010

Financial Statements

Consolidated Income Statement

for year ended 31 March 2010

Continuing operations	Note	2010 £000	2009 £000
Revenue	3	**85,935**	104,901
Cost of sales		**(64,927)**	(78,312)
Gross profit		**21,008**	26,589
Other operating income before separately disclosed items:	4	**218**	156
Sale of associate	2	**332**	—
Total other operating income		**550**	156
Distribution expenses		**(2,146)**	(2,814)
Administrative expenses before separately disclosed items:		**(18,015)**	(20,593)
IFRS 2 credit/(charge)	2, 23	**143**	(55)
Intangible amortisation	2, 13	**(261)**	(266)
Goodwill impairment	2, 13	**—**	(8,303)
Settlement claim	2	**—**	(555)
Restructuring costs	2	**(3,420)**	(3,701)
Impairment of associate	2, 15	**—**	(659)
Total administrative expenses		**(21,553)**	(34,132)
Operating loss	5, 6, 7	**(2,141)**	(10,201)
Financial income	8	**96**	99
Financial expenses before separately disclosed items:	8	**(246)**	(896)
Expense of changing banking facilities	2	**(517)**	—
Total financial expenses		**(763)**	(896)
Net financing costs		**(667)**	(797)
Loss before tax	2, 3	**(2,808)**	(10,998)
Taxation	9	**621**	(520)
Loss from continuing operations			
(attributable to equity Shareholders of the Parent Company)		**(2,187)**	(11,518)
Discontinued operations	3, 10		
Loss from discontinued operations (net of income tax)		**—**	(3,792)
Loss for the period		**(2,187)**	(15,310)
Loss per share (total)			
Basic	26	**(2.57p)**	(17.98p)
Diluted	26	**(2.57p)**	(17.98p)
Loss per share (continuing operations)			
Basic	26	**(2.57p)**	(13.53p)
Diluted	26	**(2.57p)**	(13.53p)
Dividends			
Interim paid 2010 — nil (2009: 0.93p)	25	**—**	793

Statements of Comprehensive Income

for year ended 31 March 2010

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
(Loss)/profit for the year	**(2,187)**	(15,310)	**4,530**	(8,900)
Other comprehensive income:				
Foreign currency translation differences	**42**	7,135	**—**	—
Net (loss)/gain on hedge of net investment in foreign subsidiary	**(1)**	7	**—**	—
Other comprehensive income recognised directly in equity net of income tax	**41**	7,142	**—**	—
Total comprehensive (expense)/income recognised for the year (attributable to the equity Shareholders of the Parent Company)	**(2,146)**	(8,168)	**4,530**	(8,900)

Consolidated Statement of Changes in Equity

for year ended 31 March 2010

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2009	**4,262**	**12,167**	**8,958**	**17,083**	**42,470**
Total comprehensive income for the year:					
Loss for the year	—	—	—	(2,187)	(2,187)
Other comprehensive income:					
Foreign currency translation differences	—	—	42	—	42
Net loss on hedge of net investment in foreign subsidiary	—	—	(1)	—	(1)
Total other comprehensive income	—	—	41	—	41
Total comprehensive income/(expense) recognised for the year	**—**	**—**	**41**	**(2,187)**	**(2,146)**
Transactions with owners, recorded directly in equity					
Share-based payment transactions	—	—	—	(143)	(143)
Total transactions with owners	**—**	**—**	**—**	**(143)**	**(143)**
Balance at 31 March 2010	**4,262**	**12,167**	**8,999**	**14,753**	**40,181**

Consolidated Statement of Changes in Equity

for year ended 31 March 2009

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2008	**4,248**	**12,167**	**1,816**	**34,734**	**52,965**
Total comprehensive income for the year:					
Loss for the year	—	—	—	(15,310)	(15,310)
Other comprehensive income:					
Foreign currency translation differences	—	—	7,135	—	7,135
Net gain on hedge of net investment in foreign subsidiary	—	—	7	—	7
Total other comprehensive income	—	—	7,142	—	7,142
Total comprehensive income/(expense) recognised for the year	**—**	**—**	**7,142**	**(15,310)**	**(8,168)**
Transactions with owners, recorded directly in equity					
Share-based payment transactions	14	—	—	41	55
Dividends	—	—	—	(2,382)	(2,382)
Total transactions with owners	**14**	**—**	**—**	**(2,341)**	**(2,327)**
Balance at 31 March 2009	**4,262**	**12,167**	**8,958**	**17,083**	**42,470**

Company Statement of Changes in Equity

for year ended 31 March 2010

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2009	**4,262**	**12,167**	**1,521**	**(6,976)**	**10,974**
Total comprehensive income for the year:					
Profit for the year	—	—	—	4,530	4,530
Other comprehensive income:					
Foreign currency translation differences	—	—	—	—	—
Net gain/(loss) on hedge of net investment in foreign subsidiary	—	—	—	—	—
Total other comprehensive income	—	—	—	—	—
Total comprehensive income recognised for the year	**—**	**—**	**—**	**4,530**	**4,530**
Transactions with owners, recorded directly in equity					
Share-based payment transactions	—	—	—	(143)	(143)
Total transactions with owners	—	—	—	(143)	(143)
Balance at 31 March 2010	**4,262**	**12,167**	**1,521**	**(2,589)**	**15,361**

Company Statement of Changes in Equity

for year ended 31 March 2009

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2008	4,248	12,167	2,393	3,393	22,201
Total comprehensive income for the year:					
Loss for the year	—	—	—	(8,900)	(8,900)
Other comprehensive income:					
Foreign currency translation differences	—	—	—	—	—
Net gain/(loss) on hedge of net investment in foreign subsidiary	—	—	—	—	—
Total other comprehensive income	—	—	—	—	—
Total comprehensive expense recognised for the year	**—**	**—**	**—**	**(8,900)**	**(8,900)**
Transactions with owners, recorded directly in equity					
Utilisation of merger reserve	—	—	(872)	872	—
Share-based payment transactions	14	—	—	41	55
Dividends	—	—	—	(2,382)	(2,382)
Total transactions with owners	**14**	**—**	**(872)**	**(1,469)**	**(2,327)**
Balance at 31 March 2009	**4,262**	**12,167**	**1,521**	**(6,976)**	**10,974**

Statements of Financial Position

at 31 March 2010

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Non-current assets					
Property, plant and equipment	11, 12	**7,740**	8,606	**2,624**	2,711
Intangible assets	13, 14	**16,358**	16,380	**—**	—
Equity investments	15	**—**	—	**21,874**	21,874
Deferred tax assets	16, 17	**2,046**	707	**—**	—
Total non-current assets		**26,144**	25,693	**24,498**	24,585
Current assets					
Stocks	18	**20,141**	23,952	**—**	—
Trade and other receivables	19	**20,458**	18,362	**1,397**	1,677
Cash and cash equivalents	20, 27	**7,420**	9,063	**2,176**	4,019
Total current assets		**48,019**	51,377	**3,573**	5,696
Total assets	3	**74,163**	77,070	**28,071**	30,281
Current liabilities					
Bank overdraft	20, 27	**—**	2,641	**6,524**	5,728
Other interest-bearing loans and borrowings	21, 27	**12,103**	2,547	**4,877**	1,135
Trade and other payables	22	**16,701**	14,838	**1,215**	1,175
Tax payable		**847**	8	**—**	—
Provisions	24	**841**	1,166	**—**	517
Total current liabilities		**30,492**	21,200	**12,616**	8,555
Non-current liabilities					
Other interest-bearing loans and borrowings	21, 27	**—**	12,271	**—**	10,446
Provisions	24	**3,144**	781	**—**	—
Deferred tax liabilities	16, 17	**346**	348	**94**	306
Total non-current liabilities		**3,490**	13,400	**94**	10,752
Total liabilities	3	**33,982**	34,600	**12,710**	19,307
Net assets		**40,181**	42,470	**15,361**	10,974
Equity					
Share capital		**4,262**	4,262	**4,262**	4,262
Share premium		**12,167**	12,167	**12,167**	12,167
Reserves		**8,999**	8,958	**1,521**	1,521
Retained earnings		**14,753**	17,083	**(2,589)**	(6,976)
Total equity		**40,181**	42,470	**15,361**	10,974

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

Malcolm Diamond
Director

James Barker
Director

Financial Statements

Statements of Cash Flows

for year ended 31 March 2010

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Cash flows from operating activities					
(Loss)/profit for the year		**(2,187)**	(15,310)	**4,530**	(8,900)
Adjustments for:					
Depreciation, amortisation and impairment		**1,329**	9,780	**87**	9,419
Financial income		**(96)**	(99)	**(2)**	(51)
Financial expense		**763**	896	**520**	678
Loss on sale of property, plant and equipment and investments		**10**	436	**—**	—
Loss on disposal of subsidiary	10	**—**	2,950	**—**	—
Dividends received		**—**	—	**(5,289)**	(4,679)
Equity settled share-based payment (credit)/charge		**(143)**	55	**(105)**	(32)
Gain on sale of associate		**(332)**	—	**(332)**	—
Impairment of associate		**—**	659	**—**	500
Taxation		**(621)**	585	**(212)**	136
Operating cash outflow before changes in working capital and provisions		**(1,277)**	(48)	**(803)**	(2,929)
Change in trade and other receivables		**(1,983)**	8,078	**242**	(356)
Change in stocks		**3,748**	2,746	**—**	—
Change in trade and other payables		**1,599**	(5,847)	**113**	373
Change in provisions		**1,821**	976	**(667)**	508
Cash generated from/(used) in the operations		**3,908**	5,905	**(1,115)**	(2,404)
Tax recovered/(paid)		**119**	(2,270)	**—**	—
Net cash from operating activities		**4,027**	3,635	**(1,115)**	(2,404)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**13**	41	**—**	—
Interest received		**97**	103	**3**	51
Proceeds from sale of associate		**332**	—	**332**	—
Disposal of discontinued operation, net of cash disposed of	10	**—**	(104)	**—**	(573)
Acquisition of property, plant and equipment	11, 12	**(220)**	(730)	**—**	(29)
Dividends received		**—**	—	**5,289**	4,679
Net cash from investing activities		**222**	(690)	**5,624**	4,128

Statements of Cash Flows continued

for year ended 31 March 2010

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Cash flows from financing activities					
Proceeds from new loan	21, 27	**12,103**	—	**4,877**	—
Repayment of long-term borrowings	21, 27	**(14,818)**	(2,732)	**(11,581)**	(1,506)
Dividends paid	25	**—**	(2,382)	**—**	(2,382)
Interest paid		**(620)**	(1,030)	**(444)**	(799)
Net cash from financing activities		**(3,335)**	(6,144)	**(7,148)**	(4,687)
Net change in cash and cash equivalents		**914**	(3,199)	**(2,639)**	(2,963)
Cash and cash equivalents at 1 April	20	**6,422**	8,247	**(1,709)**	1,254
Effect of exchange rate fluctuations on cash held		**84**	1,374	**—**	—
Cash and cash equivalents at 31 March	20	**7,420**	6,422	**(4,348)**	(1,709)

Notes (forming part of the Financial Statements)

1 Accounting policies

a) Significant accounting policies

Trifast "the Company" is a Company incorporated in the United Kingdom. The registered office details are on the inside back cover.

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 profit after tax for the Company is £4.53 million (2009: loss of £8.90 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 statement of comprehensive income, 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.

- *IAS 1 Presentation of Financial Statements (Revised)*. The application of the revision to IAS 1 has changed the format of the financial statements but has not fundamentally changed the reported financial position or performance.

- Amendment to *IFRS 2 Share-based payments, IAS 23 Borrowing Costs (Revised), Amendments to IAS 32 Financial Instruments: Presentation, IFRIC 13 Customer loyalty programmes and IFRIC 16 Hedges of a net investment in a foreign operation* had no significant impact on the financial statements.

Amendment to:

- *IFRS 7 Financial instruments* disclosure has led to increased liquidity and fair value disclosures.

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 3 (2008) Business Combinations*. This is not expected to have an impact on the financial statements although it will impact on any future acquisitions. This standard applies prospectively to acquisitions with a date on or after the beginning of the first annual period beginning on or after 1 July 2009.

- *IAS 17 Leases* has been amended to require classification of land and buildings leases based on an assessment of transfer of risks and rewards. This amendment will apply to the Group's 2011 financial statements but is not expected to have a material impact.

- *IAS 36 Impairment of assets* has been amended to clarify that for the purposes of impairment testing, goodwill is allocated to operating segments as defined in paragraph 5 of *IFRS 8 Operating Segments* i.e. before aggregation. This amendment will apply to the Group's 2011 financial statements but is not expected to have a material impact.

- *IFRS 9 Financial Instruments* has been amended to simplify the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. This is applicable for the Group's 2014 financial statements and will result in presentation and measurement changes to the financial instruments held in the balance sheet.

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 have been secured and covenants and facilities are in place to provide appropriate headroom against our forecasts.

The asset backed lending facility (maximum £13.50 million) has a three year term. The Group term loan of £4.00 million is due to be repaid by 31 December 2010. Current forecasts show that the Group has sufficient liquidity headroom to continue to operate within its facilities beyond this date. However, management remain keen to renegotiate term facilities with the bank to provide the Group with more secure and flexible facilities for the longer term.

As a result, the Group has held a number of positive discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal, if required, may not be forthcoming on acceptable terms.

Considering the Directors' understanding of the bank's current position and in conjunction with its 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) Associates

Associates are those entities in which the Group has the power to exercise significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to £nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

iii) Transactions eliminated on consolidation

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

d) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the 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	— 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.

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.

iv) Amortisation

Amortisation is charged to profit or loss 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.

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

The amortisation rates of other intangibles are as follows:

Customer relationships	— 12.5% per annum
Licences	— 20.0% per annum

h) Investments in subsidiaries
Investments in subsidiaries and associates 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 has 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 income statement unless the asset is recorded at a revalued amount in which case it is treated as a revaluation decrease.

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

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

1 Accounting policies continued

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 a binomial lattice model, 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 IFRS1, 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.

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.

Notes (forming part of the Financial Statements) continued

1 Accounting policies continued

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 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 Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense.

ii) 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 income statement as it accrues, using the effective interest method. Net finance costs also include arrangement fees and related costs recognised in line with accounting policy (n).

t) Taxation

Tax on the profit or loss for the periods presented comprises current and deferred tax. Tax is recognised in the 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 9.

1 Accounting policies continued

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 in order to allocate resources and assess its performance and for which discrete financial information is available.

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

v) Financial guarantee contracts

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

w) Earnings per share

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

x) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

y) 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 (z) and 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.

z) Separately disclosed items (see note 2)

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

Notes (forming part of the Financial Statements) continued

2 Underlying profit and separately disclosed items

	Note	2010 £000	2009 £000
Underlying profit before tax		**915**	2,541
Separately disclosed items within other operating income:			
Sale of associate		**332**	—
Separately disclosed items within administrative expenses:			
Goodwill impairments	13	**—**	(8,303)
Restructuring costs		**(3,420)**	(3,701)
Impairment of associate	15	**—**	(659)
Settlement claim		**—**	(555)
Intangible amortisation	13	**(261)**	(266)
IFRS 2 share-based payment credit/(charge)		**143**	(55)
Separately disclosed items within financial expenses:			
Expense of changing banking facilities		**(517)**	—
Loss from continuing operations before tax		**(2,808)**	(10,998)

2010 restructuring costs of £3.42 million include £2.80 million in relation to closures and downsizing of sites within the UK. The remaining £0.62 million refers to redundancy/compensation, £0.56 million of which relates to our UK operations.

The sale of the associate related to the sale of our 25% shareholding in the associate undertaking Techfast Holding Bhd, a company listed on the Kuala Lumpur Stock Exchange. This resulted in a net profit and cash inflow of £0.33 million.

The change in our banking facilities related to one-off fees including legal, due diligence and bank arrangement fees, which in total amounted to £0.52 million.

3 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.

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.

3 **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, Southern Ireland, Holland, Poland, USA, Mexico and Costa Rica
Asia:	includes Malaysia, China, Singapore and Taiwan

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 2010	UK £000	Mainland Europe/ USA £000	Asia £000	Common costs £000	Total £000
Revenue*					
Revenue from external customers	**46,464**	**18,027**	**21,444**	**—**	**85,935**
Inter-segment revenue	**1,154**	**271**	**2,596**	**—**	**4,021**
Total revenue	**47,618**	**18,298**	**24,040**	**—**	**89,956**
Segment result before separately disclosed items	**(590)**	**(341)**	**2,787**	**(941)**	**915**
Separately disclosed items (see note 2)					**(3,723)**
Loss before tax					**(2,808)**
Specific disclosure items					
Depreciation and amortisation	**318**	**49**	**615**	**347**	**1,329**
Impairment loss	**—**	**—**	**—**	**—**	**—**
Assets and liabilities					
Segment assets	**27,799**	**8,608**	**29,249**	**8,507**	**74,163**
Segment liabilities	**(21,351)**	**(2,031)**	**(4,356)**	**(6,244)**	**(33,982)**

Notes (forming part of the Financial Statements) continued

3 Operating segmental analysis continued

March 2009	UK £000	Mainland Europe/ USA £000	Asia £000	Common Costs £000	Total £000
Revenue*					
Revenue from external customers	58,881	20,717	25,303	—	104,901
Inter-segment revenue	2,749	369	3,900	—	7,018
Total revenue	61,630	21,086	29,203	—	111,919
Segment result before separately disclosed items	789	732	3,906	(2,886)	2,541
Separately disclosed items (see note 2)					(13,539)
Loss before tax from continuing operations					(10,998)
Discontinued Turkish business loss (before tax) (see note 10)					(3,727)
Loss before tax					(14,725)
Specific disclosure items					
Depreciation and amortisation	458	72	588	359	1,477
Impairment loss	—	—	1,503	7,608	9,111
Assets and liabilities					
Segment assets	24,487	9,884	30,739	11,960	77,070
Segment liabilities	(11,743)	(2,117)	(6,561)	(14,179)	(34,600)

* Of the Asian external revenue, £2.01 million (2009: £3.3 million) was sold into the American market and £4.68 million (2009: £5.2 million) sold into the European market.

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.

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

4 Other operating income

	Note	**2010 £000**	2009 £000
Sale of associate (note 2)	2	**332**	—
Other		**218**	156
		550	156

5 Expenses and Auditors' remuneration

Included in loss for the year are the following:

	Note	2010 £000	2009 £000
Depreciation	11	**1,068**	1,211
Impairment/amortisation of acquired intangibles	13	**261**	9,377
Forex loss/(gain)		**524**	(546)

Auditors' remuneration:

	2010 £000	2009 £000
Audit of these financial statements	**34**	34
Audit of financial statements of subsidiaries pursuant to legislation	**164**	155
Other services relating to taxation	**84**	120
All other services	**47**	33

6 Staff numbers and costs

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

	Group Number of employees 2010	2009
Office and management	**47**	50
Manufacturing	**234**	281
Sales	**118**	121
Distribution	**469**	587
	868	1,039

The aggregate payroll costs of these persons were as follows:

	Group 2010 £000	2009 £000
Wages and salaries (including bonus)	**16,140**	18,721
Share-based payments	**(143)**	55
Social security costs	**1,544**	1,781
Other pension costs (see note 23)	**1,105**	1,325
	18,646	21,882

Notes (forming part of the Financial Statements) continued

7 Directors' emoluments

	2010 £000	2009 £000
Directors' emoluments	**510**	862
Company contributions to money purchase pension plans	**37**	139
Compensation for loss of office	**—**	656
	547	1,657

The emoluments of individual Directors are shown in the Remuneration Report on page 52.

The aggregate of emoluments (including compensation for loss of office in 2009) of the highest paid Director was £187,000 (2009: £671,000), and Company pension contributions of £37,000 (2009: £59,000) were made to a money purchase scheme on his behalf.

	Number of Directors 2010	2009
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**1**	3
The number of Directors who exercised share options	**—**	—

See pages 47 to 52 of the Remuneration Report for more details.

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

8 Financial income and expense

	2010 £000	2009 £000
Financial income	**96**	99
Financial expenses		
Interest payable on bank loans	**246**	896
Expense of changing banking facilities (note 2)	**517**	—
Total financial expenses	**763**	896

9 Taxation

Recognised in the income statement

	Note	2010 £000	2009 £000
Current UK tax expense:			
Current year		—	755
Double taxation relief		—	(755)
		—	—
Current tax on foreign income for the year		790	1,079
Adjustments for prior years		(76)	(31)
		714	1,048
Total current tax		714	1,048
Deferred tax expense (note 16)			
Origination and reversal of temporary differences		(1,254)	(475)
Adjustments for prior years		(81)	(53)
		(1,335)	(528)
Tax in income statement from continuing operations		(621)	520
Tax from discontinued operations	10	—	65
Total tax in income statement		(621)	585

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

	2010 £000	ETR %	2009 £000	ETR %
Loss for the period	(2,187)		(15,310)	
Tax from continuing operations	(621)		520	
Tax from discontinued operations	—		65	
Loss before tax	(2,808)		(14,725)	
Tax using the UK corporation tax rate of 28% (2009: 28%)	(786)	28	(4,123)	28
Goodwill impairment	—	—	2,325	(16)
Impairment of associate	—	—	185	(1)
Tax suffered on dividends	94	(3)	579	(4)
Non-deductible expenses	168	(6)	294	(2)
IFRS 2 share option (credit)/charge	(7)	—	164	(1)
Sale of associate	(93)	3	—	—
Deferred tax assets not recognised	343	(12)	616	(4)
Losses from discontinued operations	—	—	1,107	(8)
Different tax rates on overseas earnings	(183)	6	(478)	3
Over provided in prior years	(157)	6	(84)	1
Total tax in income statement	(621)	22	585	(4)

Notes (forming part of the Financial Statements) continued

10 Discontinued operation

In March 2009, the Group sold the Turkish business (TR Keba Ltd) back to Keba's original management team and this was shown as a discontinued operation as at 31 March 2009.

	2009 £000
Results of discontinued operation	
Revenue	**2,697**
Expenses	**(3,474)**
Results from operating activities	**(777)**
Income tax	**(65)**
Results from operating activities, net of income tax	**(842)**
Loss on sale of discontinued operation (including goodwill impairment)	**(2,950)**
Loss for the period	**(3,792)**
Basic loss per share	**(4.45p)**
Diluted loss per share	**(4.45p)**
Cash flows from/(used in) discontinued operation	
Net cash used in operating activities	**(426)**
Net cash from investing activities	**387**
Net cash used in financing activities	**(2)**
Net cash used in discontinued operation	**(41)**
Effect of disposal on the financial position of the Group	
Goodwill	**808**
Property, plant and equipment	**65**
Stock	**1,031**
Trade and other receivables	**939**
Cash and cash equivalents	**104**
Deferred tax liabilities	**(207)**
Trade and other payables	**210**
Net assets and liabilities	**2,950**
Consideration received, satisfied in cash	**—**
Cash disposed of	**(104)**
Net cash outflow	**(104)**

11 Property, plant and equipment — Group

	Land and buildings £000	Leasehold improve-ments £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2008	5,679	663	9,205	5,155	264	20,966
Additions	29	26	500	156	19	730
Disposals	—	(78)	(843)	(1,453)	(93)	(2,467)
Discontinued operations	—	—	(22)	(71)	(10)	(103)
Effect of movements in foreign exchange	539	129	1,316	205	66	2,255
Balance at 31 March 2009	6,247	740	10,156	3,992	246	21,381
Balance at 1 April 2009	6,247	740	10,156	3,992	246	21,381
Additions	—	24	98	91	7	220
Disposals	—	(9)	(19)	(92)	(32)	(152)
Effect of movements in foreign exchange	45	(10)	114	(9)	(6)	134
Balance at 31 March 2010	6,292	745	10,349	3,982	215	21,583
Depreciation and impairment						
Balance at 1 April 2008	1,235	348	6,527	4,092	194	12,396
Depreciation charge for the year	90	141	590	368	22	1,211
Disposals	—	(46)	(659)	(1,193)	(90)	(1,988)
Discontinued operations	—	—	(9)	(26)	(3)	(38)
Effect of movements in foreign exchange	116	78	816	140	44	1,194
Balance at 31 March 2009	1,441	521	7,265	3,381	167	12,775
Balance at 1 April 2009	1,441	521	7,265	3,381	167	12,775
Depreciation charge for the year	96	100	582	270	20	1,068
Disposals	—	(8)	(11)	(80)	(30)	(129)
Effect of movements in foreign exchange	13	(3)	119	3	(3)	129
Balance at 31 March 2010	1,550	610	7,955	3,574	154	13,843
Net book value						
At 1 April 2008	4,444	315	2,678	1,063	70	8,570
At 31 March 2009	4,806	219	2,891	611	79	8,606
At 31 March 2010	**4,742**	**135**	**2,394**	**408**	**61**	**7,740**

Included in the net book value of land and buildings are £3.35 million (2009: £3.41 million) of freehold land and buildings, and £1.39 million (2009: £1.39 million) of long leasehold land and buildings.

£3.35 million (2009: £3.35 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.

Notes (forming part of the Financial Statements) continued

12 Property, plant and equipment — Company

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost			
Balance at 1 April 2008	3,468	750	4,218
Additions	29	—	29
Balance at 31 March 2009	3,497	750	4,247
Balance at 1 April 2009 and 31 March 2010	3,497	750	4,247
Depreciation and impairment			
Balance at 1 April 2008	777	666	1,443
Depreciation charge for the year	54	39	93
Balance at 31 March 2009	831	705	1,536
Balance at 1 April 2009	831	705	1,536
Depreciation charge for the year	54	33	87
Balance at 31 March 2010	885	738	1,623
Net book value			
At 1 April 2008	2,691	84	2,775
At 31 March 2009	2,666	45	2,711
At 31 March 2010	**2,612**	**12**	**2,624**

Included in the net book value of land and buildings are £2.61 million (2009: £2.67 million) of freehold land and buildings.

£3.35 million (2009: £3.35 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.

13 Intangible assets — Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 2008	27,001	2,152	29,153
Effect of movements in foreign exchange	2,586	—	2,586
Balance at 31 March 2009	29,587	2,152	31,739
Balance at 1 April 2009	29,587	2,152	31,739
Effect of movements in foreign exchange	(476)	—	(476)
Balance at 31 March 2010	29,111	2,152	31,263
Amortisation and impairment			
Balance at 1 April 2008	4,636	689	5,325
Amortisation for the year	—	266	266
Impairment losses in continuing operations	8,303	—	8,303
Impairment loss in discontinued operations	808	—	808
Effect of movements in foreign exchange	657	—	657
Balance at 31 March 2009	14,404	955	15,359
Balance at 1 April 2009	14,404	955	15,359
Amortisation for the year	—	261	261
Effect of movements in foreign exchange	(715)	—	(715)
Balance at 31 March 2010	13,689	1,216	14,905
Net book value			
At 1 April 2008	22,365	1,463	23,828
At 31 March 2009	15,183	1,197	16,380
At 31 March 2010	**15,422**	**936**	**16,358**

Other intangible assets are made up of customer relationships acquired as part of the acquisition of Serco Ryan Ltd. The remaining amortisation period of this asset is 3.5 years.

There were no impairments made during 2010 (2009: £9.11 million).

Notes (forming part of the Financial Statements) continued

13 Intangible assets — Group continued

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

	2010 £000	2009 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**8,927**	8,688
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
Other	**104**	104
	15,422	15,183

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	
	2010	2009	**2010**	2009	**2010**	2009
Pre-tax discount rate	**17%**	16%	**17%**	16%	**17%**	16%
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.

13 Intangible assets — Group continued

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 17% across the three CGUs. This reflects that certain components increase the discount rate in one region more than others, such as higher cost of debt in Asia. However, the slower recovery and automotive exposure in the UK and Sweden means a higher territorial premium has been applied. 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.

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 2010 of the Group's operations in Taiwan, UK and Sweden were S$0.80 million, £3.02 million and £0.30 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 tables below show the key assumptions used in the value in use calculations for Taiwan, UK and Sweden and the amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value.

	Taiwan	UK	Sweden
Pre-tax adjusted discount rate	18%	19%	18%
Budgeted change in EBITDA	3%	15%	11%
Long-term growth rate	3.6%	0.2%	0.3%

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

The £0.24 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.

Notes (forming part of the Financial Statements) continued

14 Intangible assets — Company

	Other £000
Cost	
Balance at 1 April 2008	62
Balance at 31 March 2009	62
Balance at 31 March 2010	**62**
Amortisation and impairment	
Balance at 1 April 2008	58
Amortisation for the year	4
Balance at 31 March 2009	62
Balance at 1 April 2009	62
Amortisation for the year	—
Balance at 31 March 2010	**62**
Net book value	
At 1 April 2008	4
At 31 March 2009	—
At 31 March 2010	**—**

15 Equity investments
Company — investments in subsidiaries

	£000
Cost	
Balance at 1 April 2008	36,995
Additions	2,129
Disposals	(3,165)
Balance at 31 March 2009	35,959
Balance at 1 April 2009 and 31 March 2010	35,959
Provision	
Balance at 1 April 2008	7,885
Increase in provision	6,200
Balance at 31 March 2009	14,085
Balance at 1 April 2009 and 31 March 2010	14,085
Net book value	
At 1 April 2008	29,110
At 31 March 2009	21,874
At 31 March 2010	**21,874**

15 Equity investments continued

There were no movements during 2010 in relation to investments.

During 2009 an additional £0.42 million was invested in TR Keba Ltd. At the end of 2009 as a result of it being sold back to its existing management (note 10), TR Keba's loan and interest outstanding to the Company of £1.71 million was capitalised. Subsequently, the sale of the business resulted in a total investment disposal of £3.17 million.

Also during 2009, the provision increased by £6.20 million due to the impairment of Serco Ryan (within TR Fastenings Ltd) following our investment reviews under IAS 36 (see note 13).

Company — Investment in associate

The Company sold its 25% shareholding in the associate Techfast Holding Bhd on 24 September 2009. This resulted in a net profit and cash inflow of £0.33 million (2009: impaired by £0.50 million Company, £0.66 million Group).

The Group's share of profit in the above associate for the year ended 31 March 2010 was £nil (2009: £nil).

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included on page 104.

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	
	2010 £000	2009 £000	**2010 £000**	2009 £000	**2010 £000**	2009 £000
Property, plant and equipment	**(287)**	(458)	**317**	555	**30**	97
Intangible assets	**—**	—	**262**	336	**262**	336
Stocks	**(185)**	(244)	**—**	—	**(185)**	(244)
Provisions/IFRS 2	**(141)**	(186)	**39**	97	**(102)**	(89)
Tax value of loss carried forward	**(1,705)**	(459)	**—**	—	**(1,705)**	(459)
Tax (assets)/liabilities	**(2,318)**	(1,347)	**618**	988	**(1,700)**	(359)
Tax set-off	**272**	640	**(272)**	(640)	**—**	—
Net tax (assets)/liabilities	**(2,046)**	(707)	**346**	348	**(1,700)**	(359)

Notes (forming part of the Financial Statements) continued

16 Deferred tax assets and liabilities — Group continued

A potential £1.26 million (2009: £1.23 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 £0.77 million (2009: £0.46 million) deferred tax asset relating to the Company's losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

	1 April 2009 £000	Recognised in income £000	Recognised in translation reserve £000	31 March 2010 £000
Property, plant and equipment	97	(70)	3	**30**
Intangible assets	336	(73)	(1)	**262**
Stocks	(244)	60	(1)	**(185)**
Provisions/IFRS 2	(89)	(11)	(2)	**(102)**
Tax value of loss carried forward	(459)	(1,241)	(5)	**(1,705)**
	(359)	(1,335)	(6)	**(1,700)**

Movement in deferred tax during the prior year

	1 April 2008 £000	Recognised in income £000	Recognised in translation reserve £000	31 March 2009 £000
Property, plant and equipment	214	(160)	43	97
Intangible assets	409	(73)	—	336
Stocks	(239)	1	(6)	(244)
Provisions/IFRS 2	(250)	163	(2)	(89)
Tax value of loss carried forward	—	(459)	—	(459)
Continuing operations	134	(528)	35	(359)
Discontinued operations	(58)	65	(7)	—
	76	(463)	28	(359)

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	
	2010	2009	**2010**	2009	**2010**	2009
	£000	£000	**£000**	£000	**£000**	£000
Property, plant and equipment	**—**	—	**114**	352	**114**	352
Provisions/IFRS 2	**(20)**	(46)	**—**	—	**(20)**	(46)
Tax (assets)/liabilities	**(20)**	(46)	**114**	352	**94**	306
Tax set-off	**20**	46	**(20)**	(46)	**—**	—
Net tax liabilities	**—**	—	**94**	306	**94**	306

Movement in deferred tax during the year

	1 April 2009 £000	**Recognised in income £000**	**31 March 2010 £000**
Property, plant and equipment	352	(238)	**114**
Provisions/IFRS 2	(46)	26	**(20)**
	306	(212)	**94**

Movement in deferred tax during the prior year

	1 April 2008 £000	Recognised in income £000	31 March 2009 £000
Property, plant and equipment	334	18	352
Provisions/IFRS 2	(165)	119	(46)
	169	137	306

Notes (forming part of the Financial Statements) continued

18 Stocks

	Group	
	2010	2009
	£000	£000
Raw materials and consumables	**1,625**	2,109
Work in progress	**749**	376
Finished goods and goods for resale	**17,767**	21,467
	20,141	23,952

19 Trade and other receivables

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Trade receivables	**19,369**	17,066	**—**	—
Non-trade receivables and prepayments	**1,089**	1,296	**2**	13
Amounts owed by subsidiary undertakings	**—**	—	**1,395**	1,664
	20,458	18,362	**1,397**	1,677

20 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Cash and cash equivalents per balance sheet	**7,420**	9,063	**2,176**	4,019
Bank overdrafts per balance sheet	**—**	(2,641)	**(6,524)**	(5,728)
Cash and cash equivalents per cash flow statements	**7,420**	6,422	**(4,348)**	(1,709)

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	
			2010	2009	**2010**	2009
Initial Loan Value	**Rate**	**Maturity**	**£000**	£000	**£000**	£000
Company						
Bridging loan £2.00 million	Base +4.00%	2010	**1,210**	—	**—**	—
Term loan £4.00 million	Libor +3.75%	2010	**3,667**	—	**—**	—
Acquisition SEK 30 million	Libor +0.95%	2009	**—**	64	**—**	—
Acquisition £15.0 million	Libor +0.91%	2012	**—**	1,071	**—**	10,446
			4,877	1,135	**—**	10,446
Other Group						
Acquisition $21.78 million	Libor +0.80%	2011	**—**	1,412	**—**	1,825
Asset-based lending £13.50 million (Maximum)	Base (+2.25% to +2.75%)	2013	**7,226**	—	**—**	—
			7,226	1,412	**—**	1,825
Total Group			**12,103**	2,547	**—**	12,271

The Company's bridging and term loans are secured by corporate guarantees and debentures over the Group's UK, Singapore 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 at that point in time. Due to the revolving nature of this facility, it is shown as current on the Statement of financial position. However, the facility agreement runs until February 2013.

Notes (forming part of the Financial Statements) continued

22 Trade and other payables

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Trade payables	**12,124**	9,925	**—**	128
Amounts payable to subsidiary undertakings	**—**	—	**810**	633
Non-trade payables and accrued expenses	**3,864**	4,148	**403**	338
Interest payable	**—**	74	**—**	74
Other taxes and social security	**713**	691	**2**	2
	16,701	14,838	**1,215**	1,175

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 £1.11 million (2009: £1.33 million) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pensions contributions of £0.06 million (2009: £0.09 million), which are included in creditors.

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:

	2010		2009	
	Options	**Weighted average exercise price £**	Options	Weighted average exercise price £
Outstanding at beginning of year	**1,582,218**	**0.83**	3,457,168	0.99
Granted during the year	**8,512,488**	**0.11**	648,123	0.45
Forfeited/lapsed during the year	**(1,254,545)**	**0.85**	(2,523,073)	0.96
Exercised during the year	**—**		—	—
Outstanding at the end of the year	**8,840,161**	**0.13**	1,582,218	0.83
Exercisable at the end of the year	**224,452**	**0.40**	887,374	1.08

The options outstanding at 31 March 2010 had a weighted average remaining contractual life of 6.40 years (2009: 2.40 years) and exercise prices ranging from £0.085 to £0.91 (2009: £0.45 to £2.69).

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 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 51p, 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.

Notes (forming part of the Financial Statements) continued

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 2010	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
01/10/2003	7 year SAYE	Binomial	1,126	0.760	0.600	50.45	7.00	7.00	4.43	2.50	0.40
01/10/2004	5 year SAYE	Binomial	11,803	0.760	0.700	37.15	5.00	5.00	4.79	2.50	0.28
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	5 year SAYE	Binomial	8,497	0.710	0.700	28.81	5.00	5.00	4.29	2.50	0.18
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 3 year	Binomial	92,378	0.600	0.500	39.85	3.00	3.00	4.82	3.00	0.20
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
31/07/2007	LTIP	Monte Carlo	36,474	0.830	0.000	28.87	3.00	3.00	5.56	3.39	0.50
01/10/2007	SAYE 3 year	Binomial	24,948	0.740	0.750	29.26	3.00	3.00	4.94	3.39	0.14
01/10/2007	SAYE 5 year	Binomial	13,971	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
31/07/2008	LTIP	Monte Carlo	81,182	0.520	0.000	32.30	3.00	3.00	4.77	5.44	0.22
01/10/2008	SAYE 3 year	Binomial	65,582	0.370	0.450	34.02	3.00	3.00	4.02	7.67	0.04
01/10/2008	SAYE 5 Year	Binomial	60,033	0.370	0.450	34.02	5.00	5.00	4.17	7.67	0.04
01/10/2008	SAYE 7 Year	Binomial	25,591	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	1,566,201	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	222,444	0.280	0.170	45.44	7.00	7.00	3.09	3.38	0.12

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 credit of £0.14 million and a cost of £0.06 million in relation to equity settled share-based payment transactions in 2010 and 2009 respectively.

As at 31 March 2010, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date / employees entitled	Number of instruments	Contractual life of options
07/08/01 / Executive	15,000	Aug 2004–Aug 2011
01/10/02 / SAYE	33,074	Oct 2009
02/07/03 / Executive	37,000	July 2006–July 2013
01/10/03 / SAYE	1,126	Oct 2010
27/09/04 / Executive	40,000	Sept 2007–Sept 2014
21/10/04 / SAYE	16,398	Oct 2009, 2011
15/03/05 / Executive	7,000	Mar 2008–Mar 2015
01/10/05 / SAYE	10,539	Oct 2010, 2012
01/10/06 / SAYE	106,706	Oct 2009, 2011, 2013
01/10/07 / SAYE	45,010	Oct 2010, 2012, 2014
01/10/08 / SAYE	151,206	Oct 2011, 2013, 2015
01/10/09 / SAYE	2,427,102	Oct 2012, 2014, 2016
30/09/10 / Executive	5,950,000	Sept 2012–Sept 2019
	8,840,161	

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.

Notes (forming part of the Financial Statements) continued

24 Provisions

Group	Restructuring costs £000	Dilapidations £000	Total £000
Balance at 1 April 2009	1,152	795	1,947
Provisions made during the year	2,475	437	2,912
Provisions utilised during the year	(845)	(29)	(874)
Balance at 31 March 2010	**2,782**	**1,203**	**3,985**

The restructuring provision relates to site closures and redundancies announced prior to year end — see note 2.

Dilapidations relate to properties and will be utilised during the term of the leases.

Group	Restructuring costs £000	Dilapidations £000	2010 Total £000	2009 Total £000
Non current (greater than 1 year)	2,022	1,122	**3,144**	781
Current (less than 1 year)	760	81	**841**	1,166
Balance at 31 March 2010	2,782	1,203	**3,985**	1,947

In respect of the Company there are no provisions (2009: £0.52 million).

25 Capital and reserves

Capital and reserves — Group and Company

See Statements of Changes in Equity on pages 57 to 58.

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 2010	2009
In issue at 1 April	**85,246,086**	84,965,427
Shares issued	**—**	280,659
In issue at 31 March — fully paid	**85,246,086**	85,246,086

25 Capital and reserves continued

	2010 £000	2009 £000
Authorised		
Ordinary shares of 5p each	**10,000**	10,000
Allotted, called up and fully paid		
Ordinary shares of 5p each	**4,262**	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.

Dividends

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

	2010 £000	2009 £000
Final paid 2009 — 0.00p (2008: 1.87p) per qualifying ordinary share	**—**	1,589
Interim paid 2010 — 0.00p (2009: 0.93p) per qualifying ordinary share	**—**	793
	—	2,382

After the balance sheet date no final dividend per qualifying ordinary share was proposed by the Directors (2009: 0.00p).

	2010 £000	2009 £000
Final proposed 2010 — 0.00p, (2009: 0.00p) per qualifying ordinary share	**—**	—

26 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2010 was based on the loss attributable to ordinary Shareholders of £2.19 million (2009: loss of £15.31 million) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2010 of 85,246,086 (2009: 85,136,525), calculated as follows:

Weighted average number of ordinary shares

	2010	2009
Issued ordinary shares at 1 April	**85,246,086**	84,965,427
Effect of shares issued	**—**	171,098
Weighted average number of ordinary shares at 31 March	**85,246,086**	85,136,525

Notes (forming part of the Financial Statements) continued

26 Earnings per share continued

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2010 was based on loss attributable to ordinary Shareholders of £2.19 million (2009: loss of £15.31 million) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2010 of 86,262,349 (2009: 85,136,525), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2010	2009
Weighted average number of ordinary shares at 31 March	**85,246,086**	85,136,525
Effect of share options on issue	**1,016,263**	—
Weighted average number of ordinary shares (diluted) at 31 March	**86,262,349**	85,136,525

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.

EPS (Total)

		2010			2009	
		EPS			EPS	
	Earnings £000	**Basic and Diluted**[1]	**Adjusted Diluted**[2]	Earnings £000	Basic	Diluted
Loss for the financial year	**(2,187)**	**(2.57p)**	**(2.54p)**	(15,310)	(17.98p)	(17.98p)
Separately disclosed items:						
Goodwill & intangible impairment	**261**	**0.31p**	**0.30p**	8,569	10.07p	10.07p
Associate impairment	**—**	**—**	**—**	659	0.77p	0.77p
Sale of associate	**(332)**	**(0.39p)**	**(0.38p)**	—	—	—
Restructuring costs	**3,420**	**4.01p**	**3.97p**	3,701	4.35p	4.35p
Settlement claim	**—**	**—**	**—**	555	0.65p	0.65p
IFRS 2 Share option	**(143)**	**(0.17p)**	**(0.17p)**	55	0.06p	0.06p
Tax charge on adjusted items	**(958)**	**(1.12p)**	**(1.11p)**	(1,036)	(1.22p)	(1.22p)
Adjusted	**61**	**0.07p**	**0.07p**	(2,807)	(3.30p)	(3.30p)

26 Earnings per share continued

EPS (Continuing operations)

	2010			2009		
		EPS			EPS	
	Earnings £000	**Basic and Diluted**[1]	**Adjusted Diluted**[2]	Earnings £000	Basic	Diluted
Loss for the financial year	**(2,187)**	**(2.57p)**	**(2.54p)**	(11,518)	(13.53p)	(13.53p)
Separately disclosed items:						
Goodwill & intangible impairment	**261**	**0.31p**	**0.30p**	8,569	10.07p	10.07p
Associate impairment	**—**	**—**	**—**	659	0.77p	0.77p
Sale of associate	**(332)**	**(0.39p)**	**(0.38p)**	—	—	—
Restructuring costs	**3,420**	**4.01p**	**3.97p**	3,701	4.35p	4.35p
Settlement claim	**—**	**—**	**—**	555	0.65p	0.65p
IFRS 2 Share option	**(143)**	**(0.17p)**	**(0.17p)**	55	0.06p	0.06p
Tax charge on adjusted items	**(958)**	**(1.12p)**	**(1.11p)**	(1,036)	(1.22p)	(1.22p)
Adjusted	**61**	**0.07p**	**0.07p**	985	1.15p	1.15p

[1] The diluted loss per share is equal to the basic loss per share of (2.57p) as IFRS does not allow loss per share to be reduced by the effect of share options in issue.

[2] However, the adjusted earnings per share does need to reflect the dilutive effect of these share options and is therefore reconciled to non-adjusted loss per share in the tables above.

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).

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.

Notes (forming part of the Financial Statements) continued

27 Financial instruments continued

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 £19.40 million (2009: £17.07 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 (2009: £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 £0.84 million (2009: £0.65 million). This represents 4% of the total gross receivable balance.

Impairment losses

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

	2010 £000	2009 £000
Balance at 1 April	**(921)**	(681)
Impairment movement	**281**	(240)
Balance at 31 March	**(640)**	(921)

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.

During the year the Group extinguished its old banking facilities in respect of loans and overdrafts and entered into negotiations with its principal bank to provide more secure and flexible facilities.

The Directors were aware given the current lending market that these facilities would attract higher costs. However, they believed that the added security and flexibility offered justified the increase in this expense.

In February 2010, the previous facilities were replaced with a bridging loan of £2.00 million and a term loan of £4.00 million (as at 31 March 2010 the total amount outstanding was £4.88 million). Both loans are to be repaid by 31 December 2010. However, a number of positive discussions have been held with the bank about the Group's future borrowing needs and no matters have been drawn to suggest that the term loan cannot be extended out further if required. These loans are secured by Corporate guarantees and debentures over the Group's UK, Singapore and Swedish entities.

27 Financial instruments continued

Covenant headroom

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

EBITDA: Net interest > 3 times
EBITDA and operating cash flow to exceed quarterly, predetermined absolute levels

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

Term loan covenants on renewal are expected to be set up on a standard commercial basis taking appropriate account of the forecast trading position of the Group at this time.

In addition, the UK companies have been provided a £13.50 million three year asset-backed facility to replace the current overdraft. This is secured over the trade receivables and stock of the Group's UK companies and the property of the Company.

The amount available from the asset-backed lending facility is dependent on the receivables and stock levels at that point in time. At 31 March 2010 £7.22 million of this facility was utilised.

Liquidity headroom

Trading forecasts show that the current facilities provide sufficient liquidity headroom up until 31 December 2010. In addition, the forecasts show that the Group will retain liquidity headroom beyond this date, however the Board remains keen to renegotiate term facilities with the bank to provide the Group with more security and flexibility for the longer term.

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 new 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.

Notes (forming part of the Financial Statements) continued

27 Financial instruments continued

	2010			2009				
	Effective interest rate %	**Total £000**	**0 to <1 years £000**	Effective interest rate %	Total £000	0 to <1 years £000	1 to <2 years £000	2 to <5 years £000
Company								
Cash and cash equivalents	**—**	**2,176**	**2,176**	0.36	4,019	4,019	—	—
Secured bank loans	**4.37**	**(4,877)**	**(4,877)**	2.60	(11,581)	(1,135)	(8,571)	(1,875)
Bank overdrafts	**—**	**(6,524)**	**(6,524)**	1.56	(5,728)	(5,728)	—	—
Total Company		**(9,225)**	**(9,225)**		(13,290)	(2,844)	(8,571)	(1,875)
Group								
Cash and cash equivalents	**—**	**7,420**	**7,420**	0.36	9,063	9,063	—	—
Secured bank loans	**3.91**	**(12,103)**	**(12,103)**	2.33	(14,818)	(2,547)	(10,396)	(1,875)
Bank overdrafts	**—**	**—**	**—**	1.56	(2,641)	(2,641)	—	—
Total Group		**(4,683)**	**(4,683)**		(8,396)	3,875	(10,396)	(1,875)

All assets and liabilities bear interest at a floating rate and are therefore due to 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 £0.12 million (2009: £0.15 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.

(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 rates.

Hedge of net investments in foreign entities

Included in interest-bearing loans at 31 March were the following amounts, which had been designated as hedges of net investments in the Group's subsidiaries in Europe and were used to reduce the exposure to foreign exchange risk.

27 Financial instruments continued

Borrowings in local currency	Amount Recognised in Equity 2010 £000	2009 £000
SEK 750,000	**1**	(7)

(Gains) or losses on the retranslation of these borrowings were transferred to equity to offset any gains or losses on retranslation of the net assets in subsidiaries.

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

31 March 2010	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	**155**	**1,416**	**3,595**	**—**	**5,166**
Balance sheet exposure	**155**	**1,416**	**3,595**	**—**	**5,166**

31 March 2009	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	155	1,747	2,983	6	4,891
Secured bank loans	—	—	(3,237)	(63)	(3,300)
Balance sheet exposure	155	1,747	(254)	(57)	1,591

Sensitivity analysis

Group

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

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

	Equity & profit or loss 2010 £000	2009 £000
US dollar to sterling	**(36)**	3
Euro to sterling	**(14)**	(17)

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.

Notes (forming part of the Financial Statements) continued

27 Financial instruments continued

(c) 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:

	2010 £000	2009 £000
Cash and cash equivalents (note 20)	**7,420**	6,422
Borrowings (note 21)	**(12,103)**	(14,818)
Net debt	**(4,683)**	(8,396)
Equity	**40,181**	42,470
Capital	**35,498**	34,074

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.

28 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		**Company**	
	2010 £000	2009 £000	**2010 £000**	2009 £000
Less than one year	**2,355**	2,326	**67**	13
Between two and five years	**4,953**	4,788	**30**	52
More than five years	**2,215**	1,408	**—**	—
	9,523	8,522	**97**	65

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 (2009: £nil). The Group has recognised a provision of £2.49 million (2009: £0.23 million) in respect of onerous leases which is included within the restructuring provision (see note 24).

Group

During the year £2.41 million was recognised as an expense (2009: £2.86 million) in the income statement in respect of operating leases.

Company

During the year £0.08 million (2009: £0.07 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 £6.34 million (2009: £11.71 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 2009 to 31 March 2010, 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 credit for the year in relation to share-based payments was £0.14 million (2009: cost of £0.06 million).

Transactions with Directors and Directors' close family relatives

During the year a relative of the Chairman provided IT consultancy services totalling £4,000 on an arm's length basis and terms similar to other third party suppliers.

Related Party Transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included on page 104.

Notes (forming part of the Financial Statements) continued

30 Related parties (Group and Company) continued

Company Related Party Transactions — Income/Expenditure

	Income				Expenditure
	Rent £000	Management Fees £000	Loan Interest £000	Total £000	Management Fees £000
TR Fastenings Ltd	176	214	—	390	110
TR Southern Fasteners Ltd	—	27	—	27	—
TR Norge AS	—	30	—	30	—
TR Fastenings AB	—	28	—	28	—
TR Miller BV	—	28	2	30	—
Lancaster Fastener Co Ltd	—	29	—	29	—
TR Hungary Kft	—	22	—	22	—
TR Asia Investments Pte Ltd	—	230	—	230	—
TR Fastenings Inc	—	41	—	41	—
	176	649	2	827	110

Company Related Party Transactions — Receivable/Payable

	Balances Receivable Trade Receivables £000	Balances Payable Trade Payables £000
TR Fastenings Ltd	113	19
TR Southern Fasteners Ltd	3	—
TR Norge AS	3	—
TR Fastenings AB	—	—
TR Miller BV	8	—
Lancaster Fastener Co Ltd	30	—
TR Hungary Kft	1	—
TR Asia Investments Pte Ltd	38	—
TR Fastenings Inc	—	—
Dormant Subsidiaries	—	267
Trifast Overseas Holdings Ltd	981	524
Trifast Holdings BV	218	—
	1,395	810

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 IFRS 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 their judgements on the latest available information, reflecting the expected outcome.

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

Notes (forming part of the Financial Statements) continued

33 Trifast plc
Principal trading subsidiaries

Name	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary held shares Group	Percentage of ordinary held shares Company
Europe					
Trifast Overseas Holdings Ltd	United Kingdom	£109	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	NOK 300,000	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	SEK 1,500,000	Distribution of fastenings	100%	—
TR Hungary Kft	Hungary	HUF 3,000,000	Distribution of fastenings	100%	—
TR Fastenings Poland Sp. Z o.o	Poland	PLN 50,000	Distribution of fastenings	100%	100%
Asia					
TR Asia Investment Holdings Pte Ltd	Singapore	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%	—
Americas					
TR Fastenings Inc.	USA	US$1,168,063	Distribution of fastenings	100%	—

A full list of the Group companies will be included in the Company's annual return.

Outside of the sale of the associate Techfast Holdings Bhd, there were no changes in ownership during the year.

Company Details

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Incorporated in the United Kingdom

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e-mail: corporate.enquiries@trifast.com
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Neil Chapman (Chairman)
Jonathan Shearman

Remuneration Committee

Jonathan Shearman (Chairman)
Neil Chapman

Nominations Committee

Malcolm Diamond
Jim Barker
Neil Chapman
Jonathan Shearman

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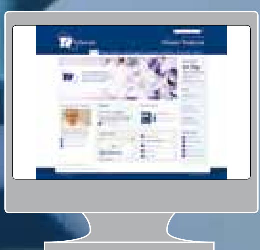

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Stock Exchange
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PREMIUM

FT Sector: Industrial Engineering
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