Trifast plc

Strategic report

Investing for growth

ANNUAL REPORT 2016

year ended 31 March

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

Trifast plc

Mission and vision

To continue to grow profitability, improve stakeholder returns and drive efficiencies

To be acknowledged commercially as the market leader in terms of service, quality & brand reputation

Governance & financials report

For detailed content on our Governance and consolidated financial statements, see our accompanying document available either in print or on our website at www.trifast.com

Getting around our report

This icon signposts to this Strategic report

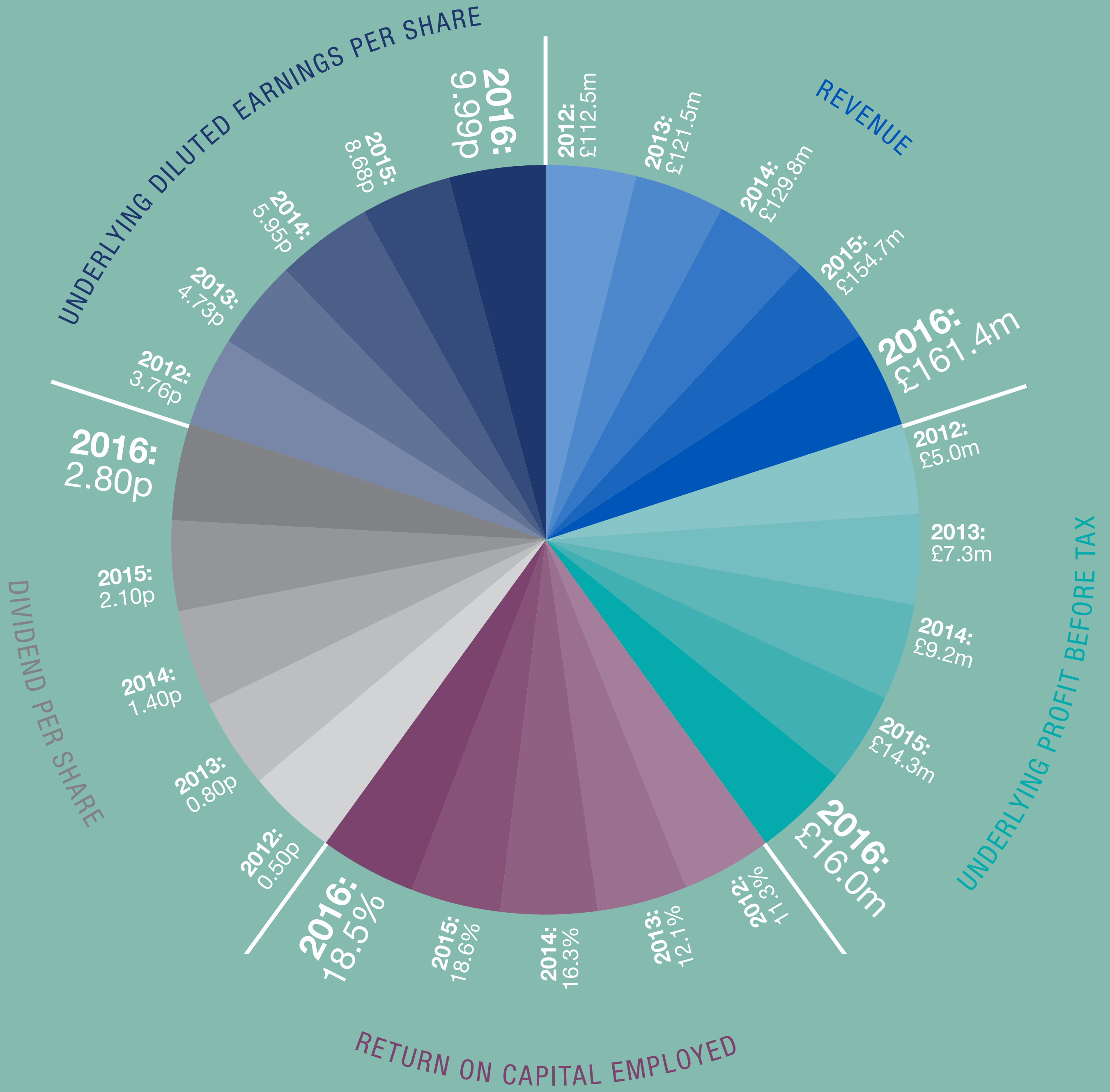
This icon signposts to the Governance & financials report

This icon signposts to our website www.trifast.com

Financial highlights

See our financial KPIs
on pages 28 and 29

See our financial statements
in the Governance & financials report



Operational highlights

- Acquisition and successful integration of Kuhlmann, Germany
- Our proven core strategy drives a 3% organic increase in sales to multinational OEMs
- Launch of the new *TR* Fastenings website www.trfastenings.com provides a go-to technical resource for the industry
- Operational efficiencies and gross margin improvements drive underlying operating margin increase of 50bps

Read about our Strategy
on pages 14 and 15

See Strategy in action – Acquisitions
on pages 18

Invest in our key strengths

1 Design and application engineering know-how adds value throughout the purchasing cycle

2 High quality, low cost manufacturing across eight global locations forms the foundation of our industry reputation which is second to none

3 Reliable distribution and supply solutions around the world that flex to fit our customers' needs

4 Continuous investment into quality of operations and supply keeps us one step ahead of our customers' needs

5 A strong balance sheet and flexible banking facilities provide the confidence to invest for growth

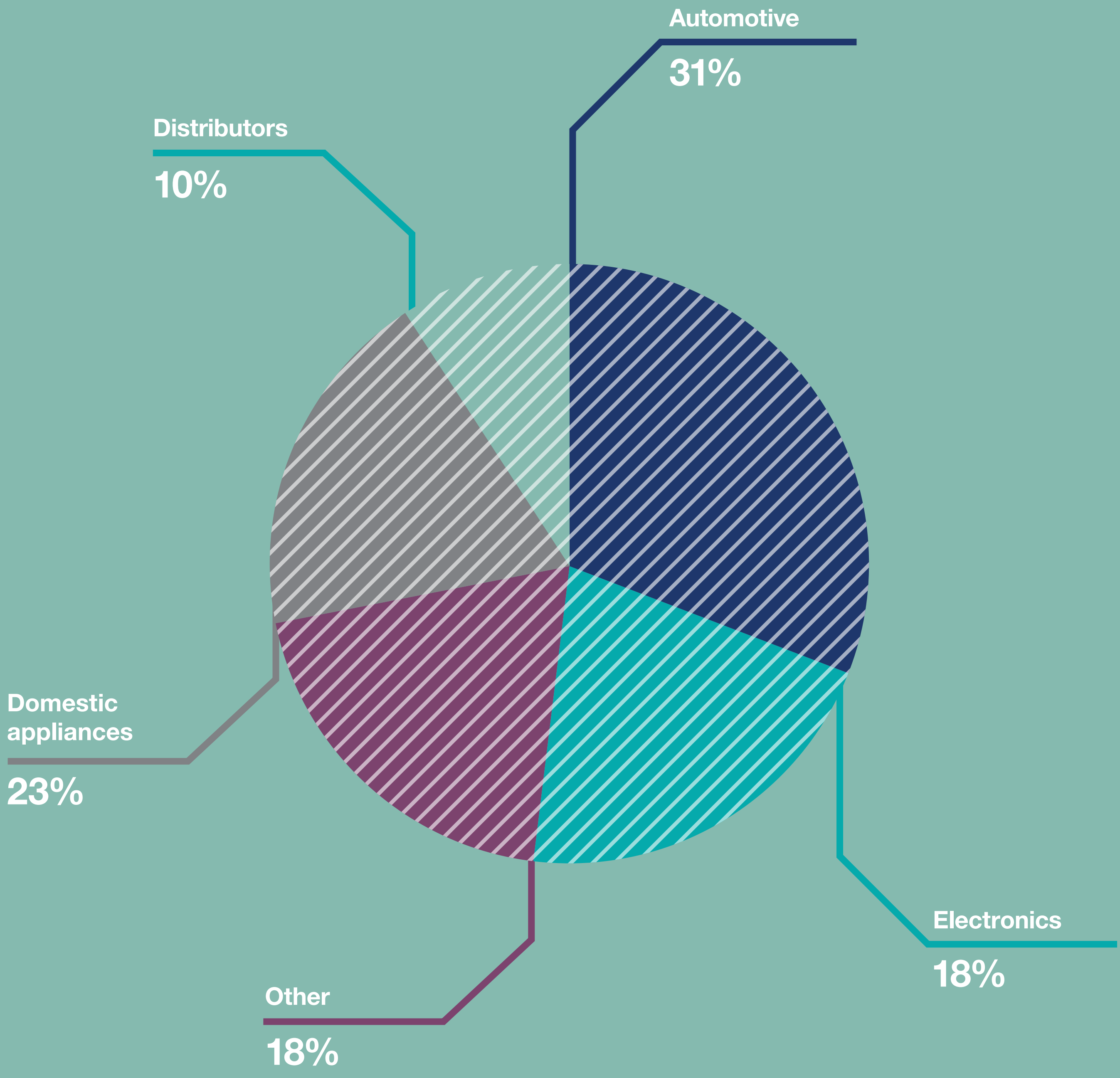
6 Progressive dividend policy and a growing share price support shareholder value

Corporate website

Visit **www.trifast.com** to view a wide range of information of interest to institutional and private investors including:

- Latest news and press releases
- Annual reports and media centre

The customer sectors we serve



Operating globally across multiple sectors

With our geographical spread, our balanced sector mix and our clear strategies for growth, the Board remains optimistic about the Group's prospects.

Read about our Global marketplace on pages 10 and 11

Focus on multinational OEMs

Our successful growth and increasing site penetration is based on a unique mix of high quality manufacturing and sourcing know-how and adaptable reliable global logistics.

We are a 'full service provider' offering end-to-end support to all our multinational OEM customers.

Read more about our Core strategy on pages 14 and 15






Our people




The *Trifast* culture

It's all about our people — their 'can do' attitude, focus and determination to exceed expectation.

Leadership programme

Training programmes are vital to the development of skills needed within the business.

Training and development

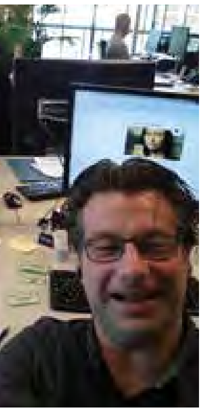
Developing our employees' talents helps us identify our leaders of the future.

Apprenticeship programme

Our programme is a significant tool in attracting young people to the business.

Read Investing in people on pages 20 to 27

See our website visit www.trifast.com





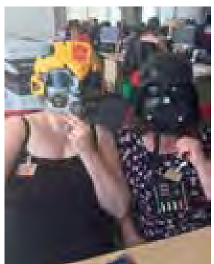














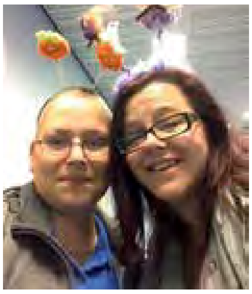


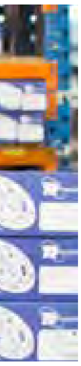








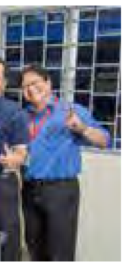








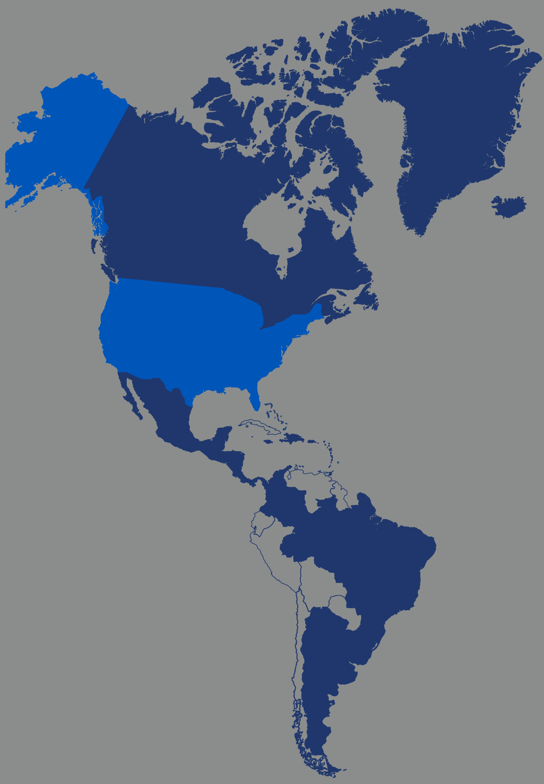






Contents

The world of *Trifast*...

Trifast is known commercially as *TR* to its customers and suppliers in Europe, Asia and the Americas. We have a reputation as a market leading global engineering, manufacturer and distributor of industrial fastenings and category 'C' components to a wide range of industries and customers. Around a third of our income derives from *TR*'s own manufacturing. The key end markets that our products are used in are: automotive, electronics/telecoms and domestic appliances. Our customers are a mix of multinational and national companies and distributors across the world.



Our sites are based in 26 global locations:

UK
Belfast
Birmingham
East Kilbride
Manchester
Newton Aycliffe
Poole
Uckfield
Lancaster

EUROPE
Germany — Verl
Holland — Oldenzaal
Hungary — Szigetszentmiklos
Ireland — Mallow
Italy — Fossato di Vico
Norway — Skytta
Poland — Warsaw
Sweden — Nacka

USA
Houston

ASIA
China — Shanghai & Beijing
India — Bangalore & Chennai
Malaysia — Penang & Kuala Lumpa
Singapore
Taiwan — Kaohsiung
Thailand — Bangkok

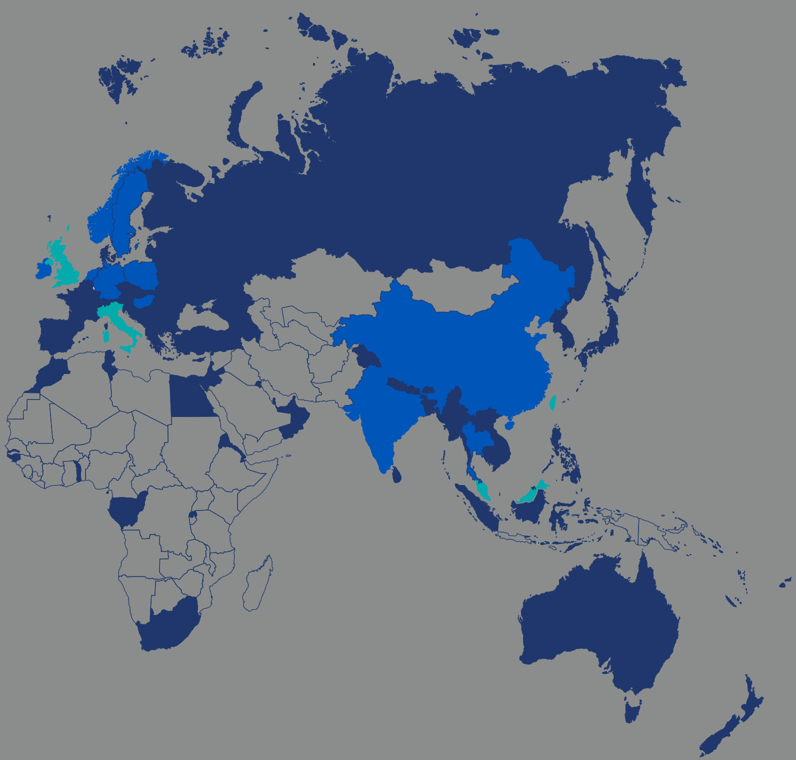
***Trifast* plc (Head Office)**
Trifast House, Bellbrook Park,
Uckfield, East Sussex, TN22 1QW

Read about UK performance on page 36

REVENUE BY LOCATION

EMPLOYEES BY LOCATION

MANUFACTURING & DISTRIBUTION



Distribution **65%** Manufacturing **35%**

Employees % Asia **44%** UK **36%** Europe **18%** USA **2%**

Revenue % UK **39%** Europe **34%** Asia **24%** USA **3%**

Read about Europe performance on page 37

Read about USA performance on page 38

Read about Asia performance on page 39

Chairman's letter

Dear Shareholder

Welcome to your publication of our *Trifast* plc 2015/16 Report and Accounts from which you will learn of yet another year's structural and financial progress across the entire Group.

In fact, it is particularly significant that we have summarised the past year with the strap line: **'Investing for growth'**

It is often said within the business world that the only constant is change, and so an organisation's ability to respond quickly and decisively to market conditions is paramount for prosperity.

"As always, my never ending appreciation and thanks go to all our managers and staff spread around our Group for their constant skill, effort and loyalty – without which we would just be a very ordinary company"

Read the Business review on pages 30 to 39

Read a summary about Corporate governance within *Trifast* on pages 50 and 51

Read about Corporate governance in the Governance & financials report on pages 8 and 9

Malcolm Diamond MBE | Executive Chairman

Seven years ago, less than 15% of our Group revenue derived from the automotive sector, whilst telecoms/electronics, our driver for growth in the nineties, was in relative decline and dragging *TR* with it. By 2015, automotive Tier 1 demand for our expertise had become global and today accounts for over 30% of Group revenue, whilst electronics has since proven to have delivered organic growth over that same five-year period of our 'renaissance'. Our acquisition of VIC in Italy in 2014 instantly grew our domestic appliances revenue from 8% to 23% of Group revenue, thus finalising a trio of key international fastener demand sectors totalling over 60% of our business.

The growing demand from our automotive and domestic appliances sectors has driven substantial new capital investment in the year in our Italian, Malaysian and Taiwanese factories, the details of which are explained further into this publication.

Share price

As reported previously, our core business model of focusing on multinational high volume assemblers continues at a dynamic pace. The model is based on introducing our unique combination of low cost/zero defect, high quality manufacturing resources and component logistics direct to assembly lines, and customised design/application engineering support to the senior decision makers of global companies. This leads to detailed audits (spanning several days) of our relevant manufacturing sites, which in turn confers global Preferred Vendor status upon *TR* which is our entry ticket to approach their individual assembly plants and to sell what we can offer as benefits to their local production and engineering management.

Many of these global Original Equipment Manufacturers ('OEMs') have over 100 plants spread around the world, and often the same product is duplicated to serve their local markets. Once *TR* is specified for a customised component, then there is often a roll-out of the same component across several plants. There is an increasingly strong adoption by these customers of consistent designs and specifications, quality levels and in place cost that gives *TR* a multiplier effect on volume from the original enquiry from the initiating plant. This is particularly evident within the automotive sector where the same basic vehicle platform spans several brands and is assembled in different countries.

It is highly reassuring that around 60% of our business now comes from 50 of our global OEM customers, thus reinforcing our belief that our strategy is not only delivering consistent growth but with less than an average of 25% penetration, we still have many years of momentum ahead of us.

In addition, each year we win new multi-plant internationally spread OEM customers, giving us increasing growth opportunities.

Crucial as our growing revenue is, our profit growth record owes substantial acknowledgement to our ever improving operational and vendor management performance, which my colleagues explain in detail later into this report.

I must now also acknowledge my close colleague and CEO Jim Barker's retirement at the end of September 2015. I thank him for being the key architect of our recovery strategy back in early 2009 when, at that time, tough decisions and urgent actions were paramount.

The turnaround period, followed by the acquisitions of Power Steel & Electro-Plating Works ('PSEP') in Malaysia and Viterie Italia Centrale ('VIC') in Italy required the full involvement of our then CFO Mark Belton, who, as Jim stepped down, was by far the best candidate to take over as our CEO. Clare Foster (who joined us in January 2015) took over from Mark as CFO. Despite the perceived worries surrounding succession planning in any organisation, I must congratulate Mark and Clare, with the support of Geoff, Glenda and the wider senior team for achieving such a smooth handover during the past six months.

Finally, we welcome our wonderful German colleagues from Kuhlmann who joined the Group last October, and we congratulate them on the results they have achieved since then.

As always, my never ending appreciation and thanks go to all our managers and staff spread around our Group for their constant skill, effort and loyalty – without which we would just be a very ordinary company.

Yours gratefully

Malcolm Diamond

Malcolm Diamond MBE
13 June 2016

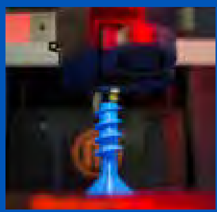
TEAM
Together Everyone Achieves More

Having in-house manufacturing coupled with a local presence in 16 countries on three continents is a winning combination.

TR Houston works closely with many Tier 1's in North America; they have the full support of our manufacturing teams in Power Steel & Electro-Plating Works ('PSEP') in Malaysia and Special Fasteners Engineering ('SFE') in Taiwan which has enabled them to win substantial new contracts. The most recent and largest involved a close co-operation between a Tier 1 seat manufacturer, our Houston team and PSEP engineers.

We have invested heavily in 6 die/6 blow forging machines. These have created further capacity to produce very complex parts for the automotive industry (see picture below). The latest we have commissioned is a state-of-the-art Japanese machine that is now fully operational. This is currently producing engine components and safety critical parts for braking systems. Initially, we produced the parts in plastic on the in-house 3D printer to get a clear visual which was close to fit-for-function, and provided these to our customers' engineers and purchasing teams. Several modifications to the designs were made, and our technical teams in North America and Malaysia worked together to further refine the final complex part.

This contract could have easily gone to an American manufacturer . . . so why did they choose *TR*? Commercially, of course, there could be a benefit to manufacturing in a lower cost region. We believe, however, that it was the good reputation that we had already built up in Europe with that Tier 1, a local passion in North America to support the customer and be responsive to their needs, and the technical support we have demonstrated with our team in PSEP.
A winning combination!



Global marketplace

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

Our main routes to market

Over time we have developed routes to market for the differing needs of our customer base, ensuring that we can support and satisfy both an SME and a multinational OEM. This has been in place for over 15 years to ensure we have teams dedicated to each of these key areas.

Competitive landscape

The industrial market, both nationally and globally, is extremely fragmented and is estimated to be worth around £50bn per annum. Of this market, we believe that £25bn is representative of our target customer sector capability. Market research indicates that the global demand for fasteners will continue to grow by at least 4% until 2020.

The growth in the fastener market is primarily due to the automotive sales and demand being experienced on a global basis. Nonetheless, new products in the field of electronics, technology and telecoms have a high demand for our type of products, offering particularly special parts to drawings. In addition, the ongoing growth in the global ‘middle class’ is expected to drive increases in the domestic appliances sector for the medium term.

Our competitors are many and varied as they could be servicing customers on a local or a global supplier basis. Additionally, we have differing competitors depending on the industry supplied. *TR* has fewer competitors in the automotive sector, as it is a far more demanding industry and suppliers are required to have a global reach, their own manufacturing base, design and technical capability and to be financially robust – that narrows the field considerably.

As a full service provider, we are able to offer our customers an ‘end-to-end’ lean supply chain. From initial product inception, through to design and manufacture, meeting the stringent quality and logistics standards required. Our responsiveness, with a strong focus on customer service, is a hard task for our competitors to match.

Multinational OEMs

Over 60% of our sales are derived from multinational OEMs with multiple sites on more than one continent. Having a global footprint coupled with our own in-house manufacturing is a distinct advantage for these customers.

They expect consistency of systems and processes, an understanding of their corporate goals, and rely on working with companies who can service them virtually anywhere. (Their HQ’s are usually in the USA or UK/Europe.) We focus on working at group level, meeting their senior teams, negotiating contracts and terms, before rolling that out to *TR*’s locally based teams.

Their stringent requirements extend to CSR, environmental controls, the quality criteria, Value Add/Value Engineering (VA/VE) support as well as design and logistics.

Once we have established ourselves as an approved vendor to these companies, our focus is then on penetrating as many of their sites as is feasible. When that door has been firmly opened and we have built up a good service reputation, we get the opportunities to quote for more sites and builds that are often replicated in different countries and continents. We have had good results this year, increasing our penetration and have seen solid growth as a result.

Distributors

Sales to distributors equates to about 10% of our revenue. In the main we sell to them our *TR* proprietary parts (e.g. self-clinch, screws for plastics and brass inserts).

We have seen an increasing trend in being asked to supply other products, which has also increased distributor spend with us. One example would be the plastics commodity range that we introduced three years ago.

Adam John | European Distributor Sales Manager

Steve Wallis | Product Sales Development Manager

Shirley Creasey | European Distribution Sales Co-ordinator

Rob Hall | European Distribution Account Manager

The new commercial *TR* website showcases our much enhanced proprietary product range in greater detail. There are over 45,000 drawings that can be downloaded from our site, together with animations illustrating how to use the product, all supported with engineering guidelines and data.

See our commercial website visit www.trfastenings.com

The key sites supporting distributors are *TR* Uckfield and Lancaster Fastener Co. This year we have seen growth in our sales to European distributors increase significantly. Where we do not have a *TR* location, we support key distributors, which today total 31 across central Europe, Finland, Estonia, Latvia, Russia, Israel, Bulgaria, Croatia and Spain. These are very valued and important relationships for us, and in turn it increases the awareness of our branded products.

Lancaster are masters at promoting and marketing in an extensive, well recognised catalogue and interpreting what distributors’ product needs are.

Website

45k Over 45,000 technical drawings can be downloaded from **trfastenings.com**

Distributors

30 We support over 30 key distributors across Europe, generating a 10% increase in distributor revenues in 2016

Our key sectors

Automotive

This is the fastest growing sector, and currently represents 31% of our global revenue. This is also the most demanding sector in terms of meeting the stringent quality and logistics commitments we are contracted to. We have invested in more engineers in the field to work alongside our customers during these critical times. A typical new programme contract can run for seven years, giving long term assured revenue.

We supply Malaysian and Japanese OEMs directly though PSEP — factory to factory. But the main *TR* Fastenings distribution business model is to excel in the supply to the Tier 1's. *TR*'s penetration into the Tier 1's on three continents has increased this year as we have added new companies to the portfolio and increased our penetration into the longer established ones. *TR* has picked up a number of prestigious awards this year including from Sanden in Malaysia, and Yanfeng (SAIC) in Europe and in North America.

We are entering an exciting new era in automotive development. Model changes and electric vehicles and the new battery factories to support these are all fastener rich opportunities. The development of autonomous vehicles by Google is a good example. Interiors will be equipped as offices, seats that recline and rotate, and new features will be added which will increase comfort and communication. All of this will all bring fresh challenges and new opportunities.

Electronics/telecoms

This has been a good year for this sector having been the slowest to recover from recession, and we see this trend continuing for the foreseeable future. This sector encompasses the supply of products as diverse as product for 5G telecoms, internet and telecoms enclosure cabinets, to LED lighting and computer assemblies. The target market is global OEMs and the CEMs (Contract Electronic Manufacturers) who produce for the OEM's.

The product range supplied is extensive and we are adding new product lines constantly to meet the growing requirements of this fast paced industry. Typically, we supply 200–500 parts to a company and therefore our VMI (Vendor Managed Inventory) is an essential part of the supply chain. Involvement in design is a key part of the service we provide plus ongoing technical support for the life of the product. The new commercial *TR* website, with over 45,000 products and CAD drawings, is used extensively by companies in this sector. We continue to target global multinational household names on three continents who require a global supplier able to give the same support and consistent supply wherever they are located.

Domestic appliances

Although the Group previously supplied into this sector, the acquisition of VIC in Italy catapulted us into a very prominent position. Think of a major brand of washing machine, tumble dryer, cooker, fridge or vacuum cleaner and the chances are that *TR* is a supplier of parts for it.

Over the years, design has ensured that there are low mix and very high volume parts used; the supply chain has to be extremely lean to keep costs low as the purchase cost of these products has been driven down. Therefore we have been very proactive in assisting these global brands with design and technical support to streamline parts further. An example would be a transit system fastening which did involve four parts but has now become a patented single complex moulded screw assembly which saves time and improves weight whilst remaining competitively priced. This is now being adopted in various styles across the industry as a standard system.

The demands for product in this area are very high. We have by no means exhausted the opportunities as there are new products being launched constantly as consumer demands fuel the desire for the latest product.

Our Group business model

We are a ‘**full service provider**’ offering ‘**end-to-end**’ support to all our customers. Our success and ongoing growth is based on a unique mix of high quality manufacturing, sourcing know-how and adaptable, reliable global logistics.

What we offer OEMs

High quality, low cost product offering

Our eight manufacturing plants spread across Asia, Europe and the UK allow us to provide reliable, timely and high quality product to our 50+ key multinational OEMs around the world.

A ‘one-stop’ solution for fastener and related components

With our established global supplier networks, we are able to make the right ‘make or buy’ decision for our customers without impacting on quality or restricting our product range.

Design side technical support

Our engineering teams, through their strong relationships with our customers’ R&D departments, look to get involved from the start of the enquiry process, helping our multinational OEM customers to make the right fastener design decisions before full scale production even begins.

How we do it

Opportunity

All our key opportunities are logged by our teams around the world on our global ‘Enquiry Portal’ allowing our sourcing and manufacturing experts to step in and ensure we make the right ‘make or buy’ decision.

Design & application

A large proportion of sales are driven by customer specific assembly components (including unique product introductions within automotive, electronics/telecoms and domestic appliances). It is a fact that even the large automotive manufacturers tend not to employ in-house specialist fastener engineers. *TR*’s recruitment of experienced fastener engineers over the past two years is raising the Group’s profile as a technical innovator and assembly problem solver.

Adding value

Our technically skilled engineers can deliver cost savings to the customer through specific component design or process applications. These savings are then credited against purchase spend thus reducing any price discounting demands and further enhancing our reputation for adding value.

Manufacture

By the time Asia had established itself as a prolific low cost global manufacturing region, we were already in Singapore. Today, the Group, through targeted investments, also has a presence in Taiwan and Malaysia. Additional substantial manufacturing capability also came with our acquisition of VIC, whilst specific *TR* branded products continue to be manufactured in the UK at our Head Office site.

Adding value

‘Just in Time’ supply chains and advancements in robotic assembly have driven expectations and demand for zero-defect components. By self-manufacturing we are able to invest to meet changing demands. Ongoing capital expenditure in new manufacturing and inspection plant within our factories is almost routine, with significant investment currently underway at our Italian site.

Key resources

Physical

- Manufacturing facilities
- Warehouses
- Plant and machinery
- Distribution network

Intellectual

- Licences
- Company reputation
- Brands

Financial

- Shareholders’ equity
- Debt
- Strong cash generation

People

- A key part of our success is our people — their skills, enthusiasm, loyalty and energy are constantly recognised by our customers and suppliers

Read about the Global marketplace on pages 10 and 11

Read about our Strategy on pages 14 and 15

Read about Risk management on pages 46 to 49

Value added engineering and on-site support

Once we are supplying, or where we take over from the competition, those same teams provide ongoing on-site support to ensure production lines remain effective and efficient, adding value and generating efficiencies throughout the supply relationship with our customers.

Global logistics

We have been a global supplier of fasteners and related components for over 40 years. Over that time we have established secure and proven logistic networks across the world. We offer seamless and reliable supply in to over 60 countries, fulfilling a key requirement for our multinational OEM customers.

A flexible and tailored supply

From complex VMI and 'just-in-time' delivery to straight forward ex-works solutions, we are able to provide the most cost effective supply logistics to suit our multinational OEMs' needs.

Re-investment

To keep moving forward, it is key that we continue to invest in our business, whether this is in our people, our manufacturing capabilities and quality, or in finding the next successful niche bolt-on acquisition.

Sourcing of components

TR is unique as it combines low cost, high quality manufacturing with sophisticated supply chain distribution and logistics. Two-thirds of Group revenue is sourced from world class external suppliers, allowing us to be a 'one-stop' solution for fasteners and related components.

Adding value

Offering reliability of quality and supply 24/7, whilst being 'fleet of foot' is a key requirement for managing rapidly changing market trends at both the micro and macroeconomic level. Our established high quality supplier network, in conjunction with our in-house manufacturing capacity, means we can respond to both our customers' urgent supply situations and longer term market changes with equal success.

Logistics

With our core facilities in Asia, North America and Europe mirroring the global spread of our customer base, we can meet the challenging geographical requirements of our customers. By offering logistic solutions from transportation, warehousing, distribution, through to production lines, we can provide to our customers a cost effective and efficient service.

Adding value

With a truly global supply chain, tailored to each individual customer's needs, we complement our customers processes and systems and considerably reduce the total in-place cost of component parts.

Key partners for growth — our customers and suppliers

The strong relationships we have built with our key global multinational OEMs over the last 40+ years are considered to be a significant asset to the Group. We will continue to prioritise the development and protection of these relationships as we continue to gain market share across the world.

Our established supplier network will help to support that growth. Having a global network of trusted, high quality and reliable suppliers, allows us to have the confidence to continue to grow and evolve as market demands dictate, be that via supporting new product ranges, logistical methodologies or geographies, so as to access more of the global fastener market.

Strategy

Market research indicates that total global demand for fasteners is set to continue to grow despite the unsettled macroeconomic environment. We therefore see the next three years as a period of investment and growth. Now is the time to make full use of the strong foundations we have built; through further investment, *TR* will continue to grow alongside its key global customers and markets.

Core strategy: Focus on multinational OEMs

Strategic pillar	Description	Link to KPIs
Investment driven growth	To continue to grow requires ongoing investment in to the business. This comes in a variety of forms, from capacity increases in our manufacturing sites, to investment in our warehousing resources and our digital capabilities.	• Group total revenue • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration
Continue to add value and differentiate	Our application engineering teams help to differentiate us by bringing fastener solutions to life for our customers at all stages of the build from initial design to ongoing manufacture, whilst continuous investment has helped to build and maintain our reputation for high quality within the industry.	• Group total revenue • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration • Broaden skills of management
Acquisitions	*Trifast* has shown it is capable of delivering healthy organic growth. However, this is not enough to maximise the opportunities available to us in what is a very fragmented industry, with no one player having more than 5% of the market share.	• Group total revenue • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration
Operational efficiencies	Our consistent ability to improve margins and generate cash allows us to plan ahead with confidence on future proofing our business resources. These include smarter management information systems (MIS), space efficient storage and materials handling equipment, lean logistics processes, modular packaging, manufacturing efficiencies and refining our sales and marketing targeting.	• Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration • Broaden skills of management
Investing in people	*TR* is a people business with over 1,100 people working together to support each other's development and underpinning the Group's positive momentum and impressive trading results. Getting the most out of our people via effective training, succession planning and the identification of investment opportunities for growth remains a key pillar of our strategy.	• Group total revenue • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration • Broaden skills of management

Description	Achievements so far	Focus for the future
Our core business is supplying high volume assembly multinational OEMs around the world with components. They demand consistent quality, price and availability in order to supply automotive assemblies, mobile phone base stations, computer enclosures, cash dispensers and other equipment, in their often numerous sister plants spread globally.	Around 60% of Group sales come from our top 50 multinational OEMs. We carry 'preferred supplier' status with these multinationals, many of which own more than 100 plants making comparable or identical finished products. Our average penetration into each network is less than 25% of their sites, therefore, developing this pipeline is the backbone of our overall growth strategy.	Maintaining and developing the strength of these relationships continues to be a key focus for the Group. We are investing in our sales teams around the world to help us do this. In part, by increasing headcount to expand our sector expertise and knowledge across different geographies and also by encouraging our sales teams to work closer together on a global basis to continue to improve site penetration levels at our multinational OEMs.

Achievements so far	Focus for the future	Strategy in action
This year saw significant investment across our Asian manufacturing sites with capacity increases of 15% in Taiwan and the introduction of a new £1m multi-stage parts former in PSEP, Malaysia. Our site in Hungary has also increased storage capacity by acquiring the warehouse adjacent to their current building.	Looking ahead, detailed plans are in place to enhance our manufacturing capacity in Italy via the introduction of a new heat-treatment line. This will allow us to produce more product in-house and better manage lead-times due to closer proximity to market. Further digital investment to improve our access to business and management information is also planned over the coming 24 months.	Read more on page 16
A two year project to substantially rebuild and enhance our trading website (www.trfastenings.com) was completed in February 2016. This has created a key go-to technical resource used by the whole industry. We have also won multiple supplier awards in the year and have made significant additional investments in quality testing equipment across the Group to further support our customers' requirements.	Quality will continue to be a key focus as our customers' expectations continue to increase in this area. The *TR* website will also continue to develop, with an additional 20,000 products due to be uploaded over the coming year.	Read more on page 17
The acquisitions of VIC (May 2014) and Kuhlmann (October 2015) exemplify what constitute ideal targets for the business, namely knowledge and skills, capable self-managing and ongoing management teams, niche market positioning, growing revenue, profitability and earnings enhancement.	A detailed acquisition strategy has been developed to identify key criteria and geographies, which is driving our proactive search for the next successful acquisition. In the meantime, our teams will focus on the ongoing successful integration of Kuhlmann and VIC in to the Group and strategy for growth.	Read more on page 18
Over the last twelve months we have introduced 'Lean-Lift' technology in Uckfield, reducing picking times and warehousing space requirements and allowing additional savings to be made via the consolidation of our Uckfield and Poole sites. Manufacturing efficiencies have been achieved through improved plant utilisation in Taiwan, Italy and the UK.	Looking ahead, we remain committed to a programme of 'continuous improvement'. The key focus will be on operational efficiency savings, including the roll-out of further lean lifts in the UK and overseas, smarter management information systems and an ongoing improvement in our manufacturing capacity planning and utilisation.	Read more on page 19
Over the last twelve months, the Group has seen two key succession announcements at Main Board level; Mark Belton took on the role of CEO, and Clare Foster became CFO. In addition, investments to support growth opportunities have been made to our sales teams in the UK, Germany and Spain, whilst our key support functions have been strengthened within finance, IT, HR, marketing and quality to provide a secure back drop for growth.	The next two years will see the roll-out of our Group HR Strategy, allowing us to become ever more joined up and ensuring that the benefits of 'Best Practice' can be spread out across the Group. Ongoing reviews will be key to making sure that our recent investment in both sales and support headcount is generating results, as well as identifying where additional gaps exist for further investment.	Read more on pages 20 to 27

Strategy in action

Investment driven growth

Description

At *TR* we are in a sustained period of growth with FY2016 representing our sixth year of continuous growth.

Continued growth needs investment. Not just in terms of our people but also via capital expenditure in our warehousing, manufacturing capacity and our digital capabilities.

Performance so far

Over the last year, we have invested internationally in our manufacturing. In our Taiwanese site we have extended floor space and invested in new machinery to increase our capacity by 15%. This is already bearing fruit with increases coming through at both the revenue and underlying operating margin levels.

In PSEP, Malaysia, we have invested in a £1m state of the art 6 die/6 blow part former from Japan. This is an extremely high quality piece of machinery that will enable us to manufacture high specification automotive fastenings. Such a substantial investment will give us a competitive edge and allow our own manufacturing to compete at a different level in the marketplace.

In Italy, at VIC, we have invested in additional machinery, building on our manufacturing capacity outside Asia so as to better service customers across the region, most specifically within the domestic appliances sector.

Our investments in Lean-Lift warehousing technology have also helped to drive efficiencies.

Read about Operational efficiencies
on page 19

Plans for the future

Looking ahead, we continue to see capital investment as a core part of our ongoing strategy for growth.

Specific plans have already been approved for a new heat treatment plant at our Italian site, which will increase our manufacturing capacity in Europe. Without this, product would need to be externally heat treated, increasing manufacturing times, reducing operational efficiencies and effectively limiting future potential capacity investment in the region as a result.

Having already invested in our commercial website and our cyber security, we are also in the process of reviewing our overall digital strategy where we expect to make additional investments over the next few years.

Read about Cyber security
on pages 46 and 47


SFE Taiwan, new machinery


PSEP Malaysia, 6 die/6 blow part former


VIC Italy

Continue to add value and differentiate

Description
TR is not just a nut 'n' bolt seller. Our engineering knowledge and experience, supported by our high quality manufacturing locations means that we are able to add real value to our customers throughout the purchasing cycle. From initial enquiry and product development, through to ongoing supply management, we have the skills across the world to problem solve, as well as to drive efficiencies throughout the life of a build.

Our reputation in the industry for quality is second to none. We are known for our commitment and ability to go the extra mile for our customers, solving issues before they arise and stepping in where competitors have fallen short.

By solving problems, insisting on absolute quality and reliability of supply at all times and working with our customers through a process of continuous improvement, *TR* is able to not only secure new wins in the marketplace but, just as importantly, we are able to keep and build on our existing multinational OEM relationships around the world.

All of this commitment is supported by established supplier networks and valuable licences that mean we can offer a full range of product to meet our customers' component requirements across a broad range of sectors.

Performance so far
Our application engineers have solved problems and created efficiencies for customers. In automotive, we have developed new manufacturing technology to allow production efficiencies in tailgate assembly. In our Italian operation, our engineering know-how has driven substantial efficiencies in washing machine transit fasteners.

Over the course of the year, our robust quality procedures have been supplemented by an ongoing investment in additional quality and measurement equipment. This has been further supported by our investment in people with our quality teams growing across the world.

We continuously undergo customer audits across our manufacturing locations. Over the last 12 months, we have successfully passed our first automotive customer audit at VIC, as well as an initial audit from a key new multinational OEM customer in Singapore. In Taiwan, our latest customer audit result was 99.2%, reflecting their well-deserved reputation for high quality, particularly within the Tier 1 automotive market place.

External recognition is also evident in the awards we have received, including a Supplier Performance Award from Yanfeng Automotive Interiors in Shanghai and a Best Sustaining Quality award from HGST in Singapore.


X-Ray Fluorescence Spectrometer


Keyance machine

Plans for the future
Looking ahead we see investing in quality and engineering as an ongoing requirement as the demands our customers place on us increase across all sectors of our business. We have a very strong foundation to work from, and plans are already in place to continue to invest in, and build our teams globally.

In our Italian manufacturing site specifically, FY2017 will see us apply for full TS16949 accreditation, helping to support the growth of our automotive business in this region.

The ongoing investment in our newly developed commercial website will ensure we continue to differentiate ourselves from the competition by providing a unique 'go-to service' for the whole industry. The further development of our global enquiry portal over the course of next year will help our teams around the world to work together, identifying opportunities, following up on leads and supporting our customer base in the most effective and profitable way.

Read about our newly developed commercial website on pages 40 and 41

Strategy in action

Acquisitions

Kuhlmann

On 1 October 2015, *Trifast* acquired Kuhlmann GmbH for a total consideration of €8.5m (£6.2m). Based in Verl, close to Bielefeld, Germany, Kuhlmann was founded in 1996 and employs 18 staff. It is a well-respected highly efficient distributor of industrial fastenings within the domestic German market. Its emphasis is on delivering high quality products and services to its well established longstanding customer base in the principal sectors of machinery and plant engineering, sheet metal processing and industrial. Kuhlmann's management team and previous owners, Frank Niggebrugge, Eric Hutter and Peter Henning, continue to run the business with the support of the operational management team and staff.

Kuhlmann

Reasons for acquisition

Germany is the biggest economy in Europe and the fourth biggest fastener market in the world. It is home to some of the world's largest multinational OEM headquarters across our main sectors, but specifically in automotive and domestic appliances. Being able to access this market for the first time with a local presence via our new German colleagues, has helped to put *TR* on the map in the region. In return, *TR* provides Kuhlmann with automotive experience (particularly on the quality compliance side), balance sheet strength and marketing support so together we can open up the German automotive market and grow more efficiently.

Performance so far

Since acquisition, Kuhlmann has performed very well and has generated £2.5m of revenue and £0.4m of underlying operating profit. Operating margins are very favourable, reflecting the efficient, cost-effective structure that already existed. Excellent co-operation has been developed between our new team in Germany and other *TR* locations, which has led to the development of the new business plans taking advantage of Kuhlmann's geography and the network of existing customers.

Plans for the future

To support our strategic growth plans, two additional people have been recruited extending the automotive sales team. Site visits have been made to a number of key targets and initial enquiries are beginning to come through. Against this increased investment, we are encouraged about the potential organic revenue growth for FY2017.

It is expected that the skill set of this experienced team will bring other benefits as time unfolds, especially in the area of technological applications and product solutions.

VIC

On 30 May 2014, the Group acquired the entire issued share capital of VIC for €32.0m (£26.1m). VIC is a manufacturer and distributor of fastenings systems. This acquisition significantly strengthened the Group's presence in the domestic appliances market, whilst also offering *TR* additional opportunities in the electronics and automotive sectors.

VIC

Performance so far

The 2016 financial year has been VIC's first full twelve months of trading within the Group, Over that time, VIC has recorded additional non-organic revenue of £4.0m as well as organic revenue growth at Constant Exchange Rate (CER) of 13.3%. These results have been ahead of our expectations and reflect strong growth with a number of our key multinational OEMs in the domestic appliances sector. July, October and November were all record months for VIC and the highest in the fifty-two year history of the Company.

Integration is well advanced with all key *TR* teams already aligned, with consistent processes and operations in place. Excellent results have been achieved from customer audits and a clear plan is in place to achieve TS16949 quality accreditation before the end of FY2017.

Plans for the future

Looking ahead, we continue to see growth opportunities at VIC. To support this, additional investment has been made to build on the sales, quality and engineering teams within VIC, whilst capital expenditure requests have also been approved to further develop our manufacturing capacity within Europe.

Read about Investment driven growth
on page 16

Operational efficiencies

Description

As a Group, *TR* is committed to continuous improvement. We are always looking for ways to make our processes more efficient, whether that is by improving our manufacturing capacity and utilisation, working with our vendor base to manage costs, increasing our available warehousing space or improving our management and business information systems. We understand the importance of an efficient and effective cost structure, so as to best future proof the business and to support our strategy for growth.

Performance so far

Since 2010, our gross profit margin has increased by 530bps, our underlying operating margin by 920bps and our overheads as a percentage of sales has fallen from 23.5% in 2010 to 19.5% in 2016. In the last 12 months, we have specifically focused our efforts in a number of areas to achieve an improved underlying operating margin of 10.4% (2015: 9.9%).

Warehousing

'Lean-Lift' technology has been rolled out in Uckfield where six lifts have been installed. This investment has led to a two-thirds reduction in picking times and a space saving benefit that has allowed us to consolidate our Uckfield and Poole warehousing.

In the Midlands, we have vacated our Hartlebury site and replaced it with a more efficient property opposite our main Midlands site at Waterside Park. Bringing the two parts of our regional hub much closer together will allow operations to work more effectively as one core team, leading to cost savings.

Manufacturing

Our manufacturing sites in Taiwan, Singapore and the UK have largely been operating at capacity over the last 12 months. This has led to an increased investment in Taiwan, while, in the UK we have re-worked our production scheduling processes which has allowed us to increase local capacity and reduce overtime costs.

Plans for the future

Given the success with the 'Lean-Lifts' in Uckfield, expansion is expected to continue across other sites, where the additional investment can be supported by operational savings.

In terms of our manufacturing efficiency, one particular area of focus for the coming year is our Malaysian operations. Due to a downturn in the domestic market, we currently have unutilised capacity at both of our Malaysian sites. The most significant opportunity for improvement exists at PSEP, where we have the capability to manufacture very high quality safety critical automotive parts. Our global and local sales, sourcing and manufacturing teams are working closely together to identify external opportunities and ensure we are making the right 'make or buy' decisions on a group as well as a local basis.

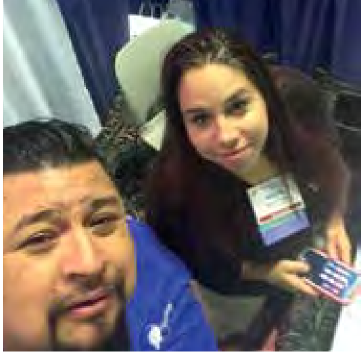
In terms of our management and business information systems, we are in the process of looking at further investment opportunities that will allow us to generate information more efficiently, so as to reduce costs in the longer term.


Lean-Lift technology at Uckfield


New property at Waterside Park


Factory extension SFE – Taiwan

Strategy in action




Investing in people



Our people

The 1,100+ employees that we employ across the globe enable us to deliver our strategy through their hard work and commitment to their roles within the Group and through their dedication to the high quality of service they provide to our customers.

The Company owes its success to its people and we aim to attract, retain and motivate the highest calibre of employees and encourage their development through a number of training and development programmes that are directly aligned with our Group objectives.



Gender diversity

Trifast plc Board

25%

75%

Executive and senior management

29%

71%

All other employees

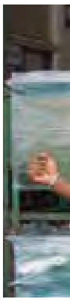
32%

68%

Key

Male Female

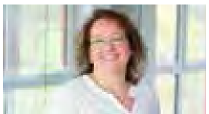
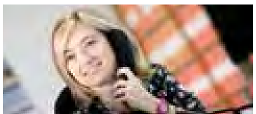




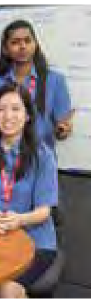

"The Company owes its success to its people and we aim to attract, retain and motivate the highest calibre of employees and encourage their development through a number of training and development programmes that are directly aligned with our Group objectives"











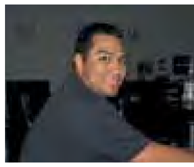
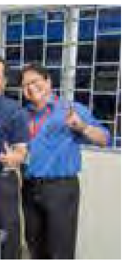


Equal opportunities

The Company is committed to providing equal opportunities for all of its employees and to ensuring that our workplaces are free from unlawful or unfair discrimination of any kind.

We aim to ensure that our employees achieve their full potential and that all employment decisions are made in a fair and objective way.

We have in place a number of policies to support this commitment including our equal opportunities policy and our business ethics policy.

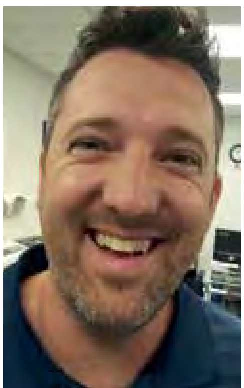




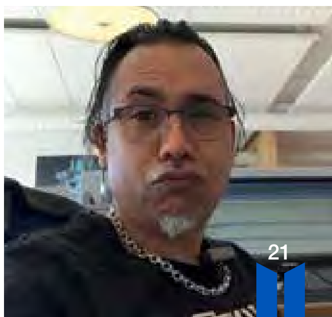










Strategy in action

Investing in people

Training and development

Developing our employees' talents will help us identify our leaders of the future. It is paramount that we retain and diversify skills through training.

The training and development module is now live in all UK and European sites and training opportunities can be accessed at any time, which has allowed greater flexibility in the access to, and delivery of, training. Training needs analysis is being carried out on a monthly basis so we can ensure more timely completion of requested training.

Team leader training remains a very important programme that allows us to develop supervisory and initial management skills for those employees identified as having the potential or desire to be in positions which require such skills.

We continue to invest in our leadership training programme and have now seen 17% of our UK based employees complete the programmes at Foundation level with some progressing to Advanced level. The programme focuses on the theory of 'Transactional Analysis' helping participants to identify what drives them at work and also to recognise the drivers in others within their teams, allowing them to adapt behaviour and communication skills to get the best from each team member. The programme has helped us to deliver a strategic approach to embedding a shared culture within *TR*, with a common language.

Operational training programmes are vital to the development of skills, both those identified within our competency framework but also the more practical skills needed within the business.

Further programmes are being written with a view to bringing colleagues together from across the globe to learn together and to share best practice throughout the Group.

"We welcome all of our new colleagues throughout the Company and congratulate those who have been promoted within the last year"

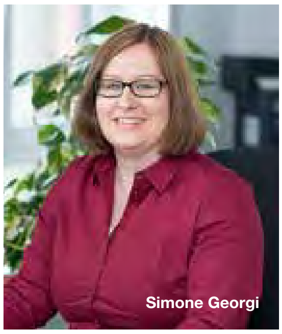
New roles and promotions

We are committed to providing opportunities for our employees through our succession planning and training activities.

We are also committed to recruiting the best people from within the industry to allow us to meet new and exciting challenges.

Here are some of the new roles and role changes that have taken place within the last year:

- Brett Pastryk has joined our team in the USA as an Application Engineer
- Two new Business Development Managers have been recruited in *TR* Kuhlmann – Hans-Hermann Fisher and Simone Georgi
- Raul Moreno has joined the Strategic Team as a Business Development Manager in Spain
- Jakob Niklinski is an addition to the team at VIC as Quality Assurance Manager
- Kevin de Stadler has been brought in as Director of Sales for the UK and Ireland
- Francesco Cricco and Karol Gregorczyk have both taken on new roles within VIC. Francesco is now Finance and Supply Chain Director and Karol is Sales and Development Director
- Helen Toole has been appointed HR Director of *TR* Fastenings Ltd
- Charlie Foo has been promoted to Managing Director of *TR* Asia
- Lyndsey Case has been appointed as Company Secretary
- Clare Foster has taken the role of Chief Financial Officer vacated by Mark Belton when he became Chief Executive Officer


Simone Georgi


Lyndsey Case


Raul Moreno


Kevin De Stadler


Brett Pastryk


Francesco Cricco


Hans-Hermann Fisher


Clare Foster


Karol Gregorczyk


Charlie Foo


Helen Toole


Mark Belton


Jakob Niklinski

Strategy in action

Investing in people

Phoebe Kemp | Business Apprentice

Stuart Carlton | Finance Apprentice

Robbie Callingham |
Business Administration Apprentice

Apprenticeship programme

Our apprenticeship programme continues to be a significant tool in attracting young people to the business.

At our Uckfield location we are able to run a business apprenticeship programme, which allows the apprentices to work for a period of time in the following departments:

- Warehouse
- Quality
- Administration
- Progressing
- Sales
- Purchasing
- Finance – Credit Control
- Finance – Purchase Ledger
- Global Sales/Marketing
- *TR* Systems

The programme lasts for two years and the apprentice undertakes a Level 2 National Vocational Qualification, managed and assessed by a local college. We hope to take on two more business apprentices this year.

The programme at Bellbrook Park has now been complemented by apprentices joining other UK locations within sourcing, warehousing, Group Services (HR and finance) and sales.

Apprentices are also employed within other European locations with VIC (Italy) currently having five apprentices and *TR* Kuhlmann having four apprentices working in various parts of the business.

The business apprentice programme at Uckfield, which allows the apprentices to work for a period of time in all of our functions, has now been complemented by apprentices joining other UK locations in functions such as sourcing and warehousing.

“Our apprenticeship programme continues to be a significant tool in attracting young people to the business”

Performance management

The performance management system within the Company continues to be a good interactive management tool and allows each employee to have at least one formal discussion about their performance with their line manager each year. Both managers and their team members are encouraged to have ongoing discussions about performance within their roles but the system provides a formal framework to record such discussions.

The competency framework within the system sets out the key behaviours that we feel are important for all of our employees to work towards and includes such skills as communication and decision making.

The process allows for the employee to carry out a self-assessment and the manager to carry out an assessment in preparation for the formal meeting where competency scores and progress against previously set objectives are discussed.

The system also allows us to analyse any training needs and to identify those employees that are keen to progress within the Company so that we can then add to our succession planning programmes.

Strategy in action

Investing in people

Succession planning

Succession planning is an important activity for the Group and a lot of work has been undertaken with managers, and as part of location presentations to employees, to identify those who might want to progress within the Company and step into alternative roles. Managers have been asked to identify members of their teams who they feel could step up and employees have also been asked to put themselves forward if they would like to be considered for alternative roles within the Company.

Once those people have been identified, their training needs are identified and appropriate training provision is made. This could be one of the programmes that are referred to in the training and development part of this report, or could be more specific skills training where we would source the most relevant training course to fulfil the training need.

Health and safety

Trifast remains committed to ensuring the health, safety and welfare of all of its employees and those involved in sub-contract activities. The Health and Safety Management System ensures that the business assesses the risks to its employees and third party contractors, and aims to remove or reduce those risks as appropriate — this is aided by the ongoing use of our non-conformance and risk assessment action tracking systems. These systems provide trending information, which allows the Company to target specific areas to ensure that risk is kept to a minimum.

The management teams are supported by the health, safety and environmental manager, divisional health, safety and environmental representatives, first aiders, fire wardens, manual handling instructors and fork lift truck instructors.

Trifast remains a member of the British Safety Council, and offers courses from their system to all employees via the core HR system. These courses range from lower level basic understanding to internationally recognised qualifications.

TR has recently become a member of the Activ-Comply system. This system allows us visibility of all applicable legislation and access to an audit tracking system to ensure that the business remains compliant with all current, new and up-coming legal requirements. This system is used to form our business processes, which are then rolled out throughout our Business Management System.

Each division of *TR* has a legal compliance audit and a legal compliance management review once a year, and representatives attend an annual meeting at *TR* Head Office to promote and discuss continuous improvement initiatives.

Trifast eagerly awaits the release of ISO45001 (Health and Safety Management Systems), which is expected before the end of 2016. It is the intention of the Company to gain accreditation to this standard as soon as practicable following its release. It is our understanding that this standard will allow the business to further align its management system with that of ISO9001 and ISO14001.

HR team

Helen Toole | *TR* HR Director

Jenni Morland |
European Health, Safety and Environmental Manager

Rebecca Vaughan |
HR Representative

Carolyn Emsley |
HR Project Administrator and Representative

Gail Leys |
HR Representative

Julie Fry |
UK Payroll and Benefits Manager

"Succession planning is an important activity for the Group and a lot of work has been undertaken with managers, and as part of location presentations to employees, to identify those who might want to progress with the Company and step into alternative roles"

Communication

Communication across the Group is very important, especially communication with our employees.

Each year, senior team members visit the business locations to speak to all employees about the progress, developments and innovations within the Group as well as the performance of the Group as a whole, making it clear how individuals have contributed to those results.

To enhance communication and aid the spread of best practice within the Group, we are aiming to bring more of our colleagues together for training and development purposes and to enable us to truly harness the power of the team.

The team

With one of the main strategic pillars being 'investing in people', the work and responsibilities of the HR team continue to grow. The team is now responsible for general HR matters across the UK, Europe and USA, as well as the environmental, health and safety and corporate social responsibility aspects of the business.

The team has been enhanced this year to cover the new responsibilities and we have HR representatives in all of our locations with whom we work closely to implement the strategy.

KPIs

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

Financial KPIs

	Link to strategy	Relevance and performance
Group total revenue		Our clear strategy for growth makes turnover an important barometer of the Group's success. Turnover has grown significantly from 2012, increasing by 43.5% to £161.4m (2012: £112.5m), equating to 9.4% p.a.
Underlying operating margin enhancement		Growth is about more than just the top line. Controlling our cost base is a key part of our investment plans. Reflecting our success in this area, underlying operating margin has increased by 540bps, from 5.0% in 2012 to 10.4% in 2016. This represents margin growth since 2012 of 20.1% p.a.
Group underlying profit before tax		Underlying profit before tax is a key measure of the underlying performance of the business. Our underlying profit before tax has grown by over 220% (or 33.7% p.a.) since 2012.
Cash conversion as a % of underlying EBITDA		Our quality of earnings is reflected in our ability to consistently turn underlying EBITDA in to cash. 2016 was strongly cash generative with a conversion rate of 88.9% (2012: 67.6%).
Return on Capital Employed ('ROCE')		ROCE measures the return that we are able to provide to both our equity and debt investors. Maintaining this continues to be a key focus of the Group. Since 2012 our ROCE has grown by 13.1% p.a. to 18.5% (2012: 11.3%).
Underlying diluted earnings per share ('EPS')		EPS is a key target for the Group. Our clear strategy for growth is focused on increasing this ratio year on year. Since 2012 underlying EPS has increased by 6.23p to 9.99p (2012: 3.76p).

Non-financial KPIs

	Link to strategy	Relevance and performance
Multinational OEM penetration		Over 60% of the Group's revenue is derived from multinational OEMs despite operating at a less than 25% site penetration. Working to increase this penetration is a key part of our clear strategy for growth.
Broaden skills of management		Training programmes continue to be developed that allow our employees across the globe to learn together and share best practice. These programmes include operational, functional and leadership elements and are designed for our employees to enhance existing, and acquire new, skills.

Historic performance	Position on target?	Targets
16 £161.37m 15 £154.74m 14 £129.78m	✓	To continue to grow Group revenue
16 10.4% 15 9.9% 14 7.5%	✓	To continue to grow Group underlying operating margin
16 £16.00m 15 £14.31m 14 £9.16m	✓	To continue to grow Group underlying profit before tax
16 88.9% 15 50.2% 14 109.5%	✓	To continue to generate cash from underlying EBITDA
16 18.5% 15 18.6% 14 16.3%	✓	To maintain Return on Capital Employed (ROCE)
16 9.99p 15 8.68p 14 5.95p	✓	To continue to grow underlying diluted earnings per share

Historic performance	Position on target?	Targets
Multinational OEM penetration 2016: range on average from 10% to 40% site penetration in our top 50 OEM customers	✓	To increase our penetration in our multinational OEM customers
Over the last three years, 17% of UK employees have completed the management development programme	✓	To roll out the training programmes, already proven to be a success in the UK, to other sites across the globe

Business review

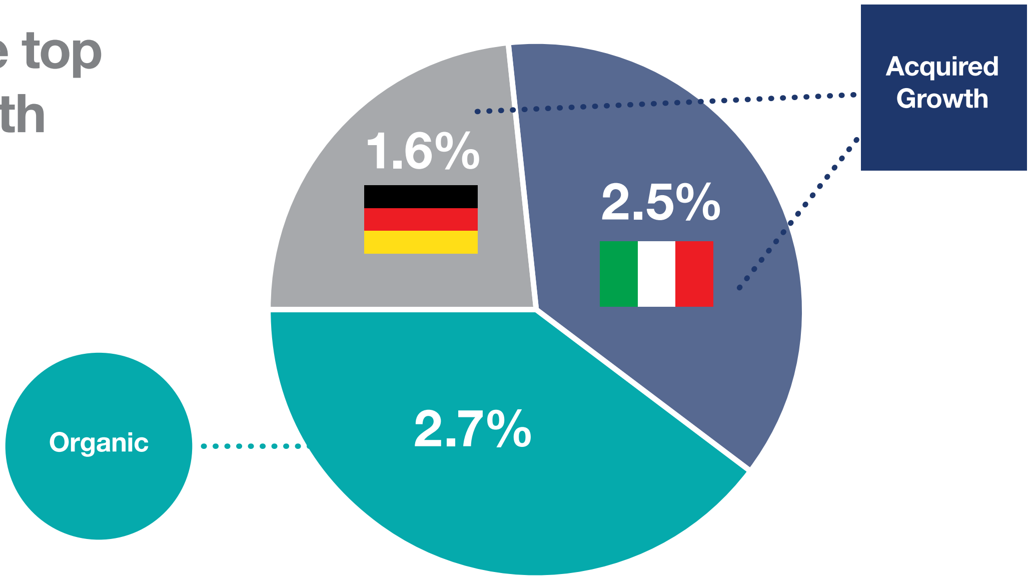
Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER') and, where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2 in the Governance and financials report).

> In FY2015, our business delivered its strongest trading performance ever. In FY2016, we have built on that success story by going on to achieve profitable top line growth of 6.8%"

Our Group performance

	2016 CER	**2016 AER**	2015	Growth at CER	Growth at AER
Revenue	**£165.3m**	**£161.4m**	£154.7m	6.8%	4.3%
Gross profit ('GP')	**£48.9m**	**£48.0m**	£44.9m	9.0%	6.9%
GP%	**29.5%**	**29.7%**	29.0%	+50bps	+70bps
Underlying operating profit ('UOP')	**£17.2m**	**£16.8m**	£15.3m	12.8%	10.0%
UOP %	**10.4%**	**10.4%**	9.9%	+50bps	+50bps
Underlying profit before tax	**£16.4m**	**£16.0m**	£14.3m	14.8%	11.8%
Underlying diluted EPS	**10.22p**	**9.99p**	8.68p	17.7%	15.1%

Profitable top line growth of 6.8%



In FY2015, our business delivered its strongest trading performance ever. In FY2016, we have built on that success story by going on to achieve profitable top line growth of 6.8% and Actual Exchange Rate ('AER') revenues of £161.4m.

The biggest driver of our organic growth has come from our multinational OEMs, contributing 3% to our overall revenue growth. On the non-organic side, growth reflects a mix of:

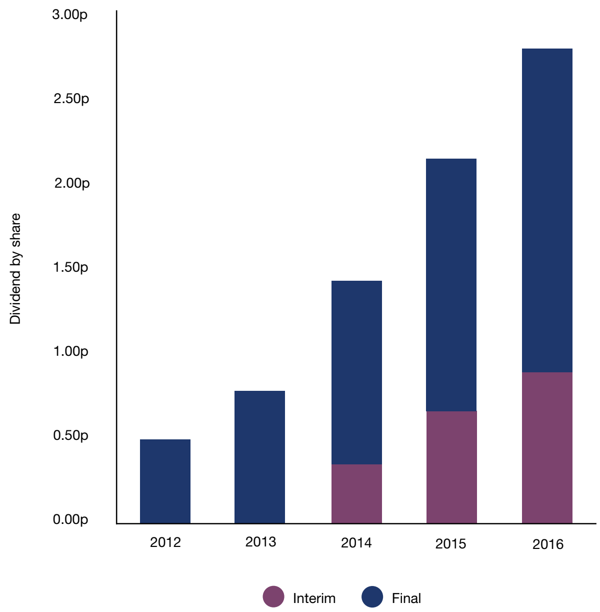
- A first full year of trading from VIC, Italy (acquired 30 May 2014)
- A first six months of trading from *TR* Kuhlmann, Germany (acquired 1 October 2015)

Both acquisitions are performing very well. VIC has achieved over 13% organic revenue growth against the prior year, with three record breaking trading months in FY2016. *TR* Kuhlmann, our newest addition to the *TR* family, is already slightly ahead of expectations in its first six months and over 12% up on the 1 October 2015 to 31 March 2016 period (pre-acquisition).

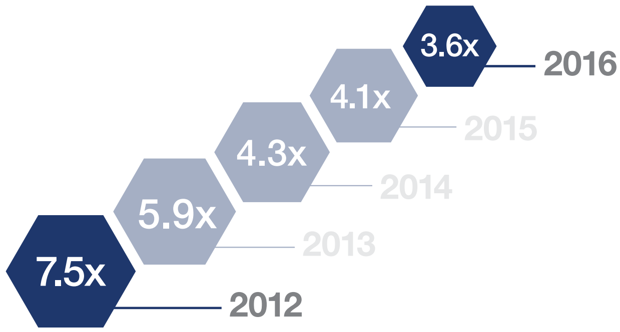
Gross profit margins remain strong at 29.5% (2015: 29.0%). Underlying operating margins have continued to improve to 10.4% (2015: 9.9%) reflecting our ongoing commitment to operational efficiencies. All of this has helped our underlying PBT to increase by 11.8% at AER, driving a strong increase in our underlying diluted EPS at AER of 15.1% to 9.99p (2015: 8.68p).

> Our underlying PBT has increased by 14.8%, driving a strong increase in our underlying diluted EPS of 15.1% to 9.99p (2015: 8.68p)"

Dividend progression



Dividend cover



> With a proven track record, a strong balance sheet and a confident strategy for growth we remain committed to a progressive dividend policy"

Dividend policy

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

As a result the Directors are proposing, subject to shareholder approval, a final dividend of 2.00p per share. This, together with the interim dividend of 0.80p (paid on 15 April 2016), brings the total for the year to 2.80p per share, an increase of 33.3% on the prior year (2015: 2.10p). The final dividend will be paid on 14 October 2016 to shareholders on the register at the close of business on 16 September 2016. The ordinary shares will become ex-dividend on 15 September 2016.

The 2016 final proposed dividend means that since 2010 dividends have grown from 0.50p to 2.80p, representing a compound annual growth rate ('CAGR') of 53.8%.

At the same time, dividend cover has fallen, now representing cover of 3.6x. For the medium term, we believe an appropriate level of cover will continue to be in the range of 3x to 4x. As is always the case, the actual dividend each year will need to take in to account our ongoing strategy of investment driven growth, any acquisitions and the working capital requirements of a growing business.

Business review

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER') and, where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2 in the Governance and financials report).

Share price — recovery to growth

"The significant increase in our share price over the last five years illustrates the *TR* story of successful recovery (compound annual growth rate: 23.1%)"

"By far the biggest driver of the Group's growth in FY2016 has been across our European businesses where revenues have increased significantly by 24.9% to £57.8m"

Revenue

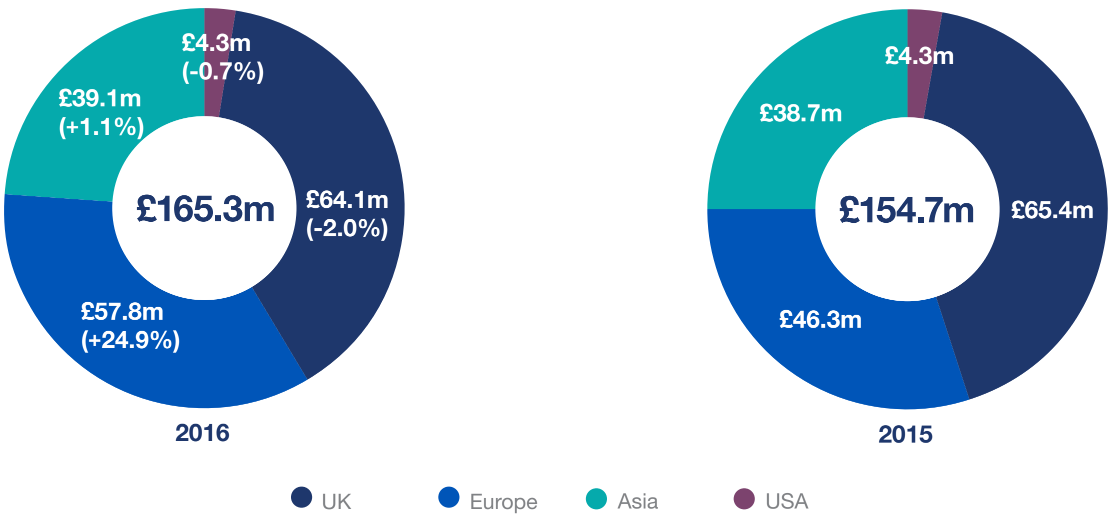
By far the Group's biggest revenue growth in FY2016 has been across our European businesses with a significant increase of 24.9% to £57.8m. Non-organic growth has driven 14.0% (£6.5m) of that increase, in conjunction with very strong organic growth of 10.9% from increased trading levels in our existing businesses.

In Asia, the overall trading position has been more stable, with an increase in organic revenues of 1.1% (£0.4m).

In Singapore, growth has been very strong at 9.4% (£1.1m) reflecting a significant growth in the domestic appliances sector sales. In contrast, our Malaysian operations have struggled in FY2016 against a backdrop of falling customer demand and domestic market weakness. This has led to a decrease in revenues of 8.3% (£0.9m).

In the UK, revenue has decreased by 2.0% (£1.3m), reflecting a slight H2 2016, whilst in the USA trading is in line with the prior year at £4.3m.

Revenue by region (CER)



> Underlying operating margins have continued to improve to 10.4% (2015: 9.9%) reflecting our ongoing commitment to operational efficiencies and a 50bps gross margin improvement"

Gross profit

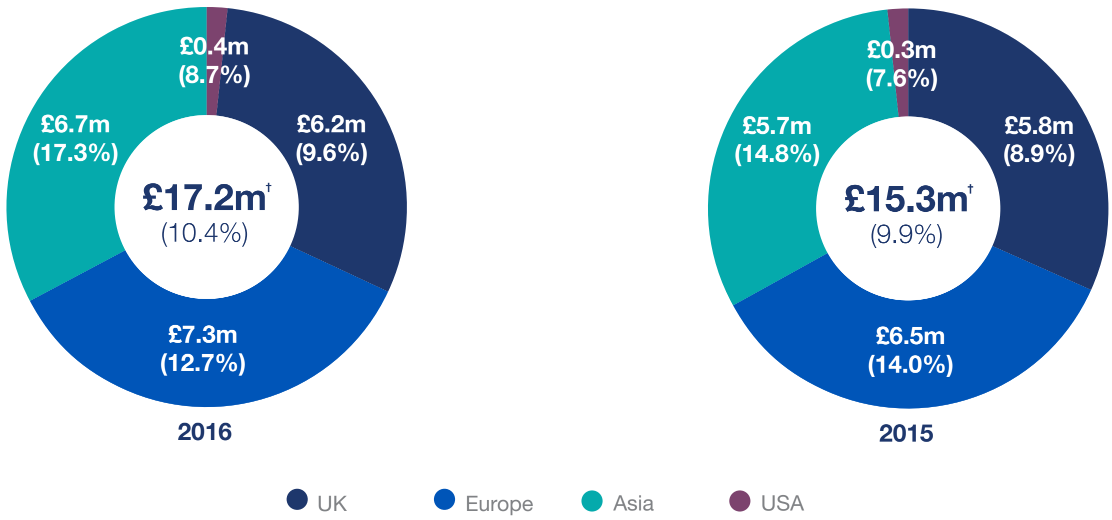
The Group's gross margin has increased by 50bps to 29.5% (AER 70bps to 29.7%; 2015: 29.0%). This reflects a very strong underlying margin improvement in Asia due in part to capacity increases especially out of our Singapore site. However, this has been offset by a fall in the gross margins in Europe to 26.5% (2015: 28.2%), largely due to unfavourable movements in the average €:US$ rate, reducing gross margins in our Italian operations.

Underlying operating profit

Underlying operating margins have increased to 10.4% (2015: 9.9%). In Asia, underlying operating margins have increased significantly, to 17.3% (2015: 14.8%) reflecting the improvements in margin noted above. In the UK, foreign exchange translation gains on monetary items in the balance sheet, in conjunction with ongoing operating efficiencies, have helped to drive a 70bps increase to 9.6% (2015: 8.9%).

In Europe, overall underlying operating margins have been negatively impacted by the noted foreign exchange movements, leading to a decrease to 12.7% (2015: 14.0%). In the US, operating margins have increased to 8.7% (2015: 7.6%) reflecting gross margin improvements in the region.

Underlying operating profit and margin by region (CER)*



† After deducting central costs
* Before separately disclosed items which are shown in the financial statements

Net financing costs (AER)

Despite an increase in average net debt to £16.8m (FY 2015: £14.5m), interest costs have decreased by 18.1% or £0.2m. This cost reduction has been driven out of a reduced reliance on asset based lending in the UK and Italy, a fall in the average EURIBOR rate and a decrease in the level of non-utilisation fees incurred on our revolving credit facilities.

Taxation (AER)

The Effective Tax Rate ('ETR') has reduced significantly in the year to 21.8% (2015: 29.2%). The largest single fall, of 4.5%, arose on the recognition of a deferred tax asset of £0.6m in our US business. Given the positive trading position in the US, we consider it probable that this asset will be recoverable against future taxable profits and have therefore brought it on to the balance sheet. Excluding this, our normalised ETR has reduced to 26.3% as corporation tax rates continue to reduce around the world, most specifically in the UK.

Business review

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER') and, where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2 in the Governance and financials report).

> "The underlying business remains strongly cash generative, achieving an underlying EBITDA to cash conversion percentage of 88.9% (2015: 50.2%)"

Earnings per share (EPS)

Our strong gross margin and improved underlying operating profits have led to an impressive increase in our underlying diluted EPS of 15.1% AER to 9.99p (2015: 8.68p).

Shareholder equity (AER)

As at 31 March 2016, the Group's shareholders' equity has increased significantly to £83.8m (2015: £71.7m). This £12.1m uplift is made up of retained earnings of £9.6m, share issues totalling £0.2m and a substantial foreign exchange reserve gain of £2.2m which arose due to the rapid weakening in Sterling in the last few months of the financial year.

Net debt

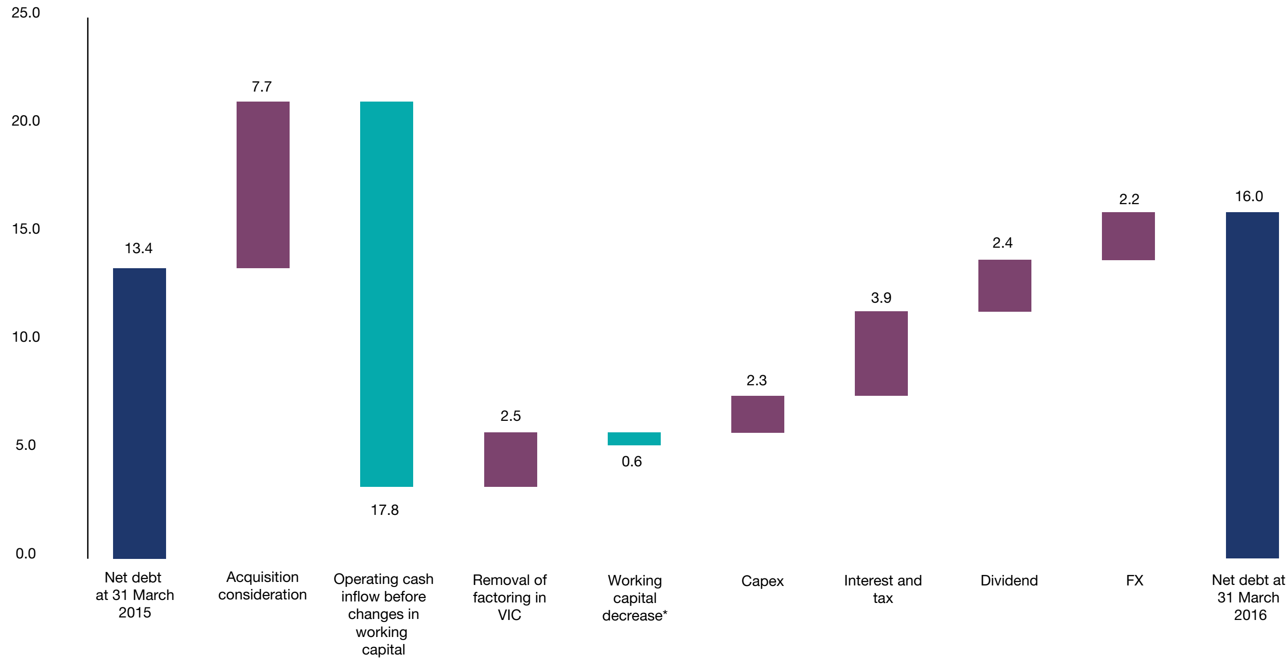
Our net debt position at year end increased by £2.6m to £16.0m (2015: £13.4m). The key reasons for that increase are our recent acquisitions and ongoing investment driven growth strategy.

As the result of the successful achievement of performance conditions, set at the time of the acquisition, the maximum deferred earn out payment was made in July for VIC of £3.4m (€5.0m). In addition, on the 1 October 2015, we paid the initial consideration of £4.9m (€6.8m) to acquire *TR* Kuhlmann in Germany. Over the past 12 months, our investment driven growth strategy has led to further capital expenditure of £2.3m, predominantly, as previously highlighted, in our manufacturing sites in Taiwan, Malaysia and Italy.

Outside of these investments, the underlying business remains strongly cash generative, achieving an underlying EBITDA to cash conversion of 88.9% (2015: 50.2%). This is despite the fact that in FY2016, we continued to reverse the final £2.5m of the VIC non-recourse debt factoring that we inherited on acquisition in May 2014.

Excluding the impact of the de-factoring, we have seen a net decrease in our working capital levels of £0.6m at CER, even with the overall increase in the Group's trading.

Net debt bridge



* Including provisions

> "With our geographical spread, our balanced sector mix and our clear strategies for growth, the Board is optimistic for the current year and the Group's longer term prospects"

Banking facilities to support growth

Amended facilities are in the process of being agreed with our main Group bankers, HSBC. Negotiations are substantially complete, subject to the finalisation of contractual terms with credit approval already obtained.

In summary, the amendments will reduce the Group's reliance on the Asset Based Lending ('ABL'), increase our available Revolving Credit Facility ('RCF'), decrease the overall cost structure and extend the maturity profile of a proportion of our borrowings to better reflect the Group's core funding and investment requirements.

As a result of the above changes, unutilised available facilities will increase by c.£5.0m, helping to support our strategy of investment driven growth. In addition, an accordion facility of £20.0m is being written in to the agreement, providing potential flexibility to debt finance further acquisitions in the future.

Looking ahead

Group outlook

In FY2016 we have seen another year of strong trading, making this our sixth year of continuous growth.

For us, Europe, Asia and the USA all remain key areas for growth both organically and non-organically. Our enquiry pipeline is strong, whilst our core organic strategy of focusing on our multinational OEMs looks set to continue to deliver growth. FY2017 will be the first full year of trading from our latest acquisition, *TR* Kuhlmann, and we are already starting to see opportunities coming through as the result of us working together.

On the manufacturing side, the investments we are making to increase capacity and the focus we are putting on making better use of existing capacity, specifically in our Malaysian sites, should start to impact positively on results in the next year and beyond.

Our investment in the UK business, in to both senior sales resource and driving further operational efficiencies, is expected to continue to build on profitability in this region.

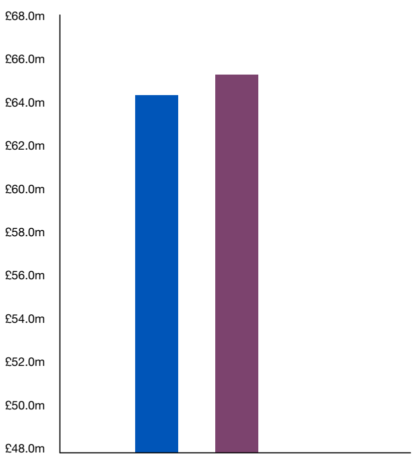
Looking ahead there are some macroeconomic factors that we cannot control, including the ongoing volatility in the foreign currency and raw material markets. However, building on the strong performance delivered last year and, with our geographical spread, balanced sector mix and our clear strategies for growth, the Board is optimistic for the current year and the Group's longer term prospects.

Business review

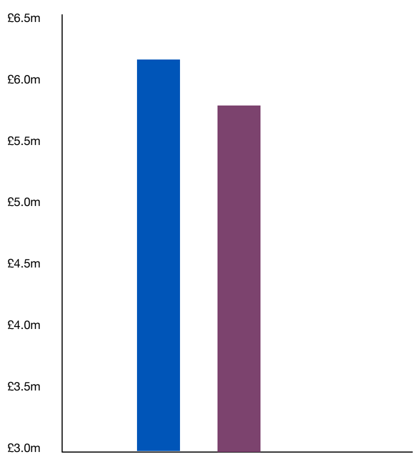
Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER') and, where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2 in the Governance and financials report).

UK

Revenue



Underlying operating profit*



● 2016 AER ● 2015

* Before separately disclosed items which are shown in the financial statements

Dave Fisk |
TR UK Managing Director

UK — 40% of Group revenue

The UK has produced a solid year of trading, although revenues have decreased slightly by 2.0% (£1.3m), underlying operating margins have increased to 9.6% (2015: 8.9%). This has led to a £0.3m increase in profitability at the underlying operating profit level. Covering a broad range of sectors across the UK, we have also seen a record number of enquiries being logged on our enquiry portal in 2015/16.

After a good start to the year, we witnessed a slight softening in customer demand. Actual results have shown a marginal improvement in the last quarter, with higher sales starting to come back through at our Scotland and Uckfield sites. Belfast continued its rapid growth phase for the second year running.

Our transactional and EU distributor sales teams have also enjoyed growth this year, although some margins were impacted through foreign exchange.

Continuous improvement

The recent efficiency consolidation of sites in Uckfield/Poole and the Midlands and the roll-out of Lean-Lift technology (automated 'fast pick' vertical storage machines) has continued to improve our profitability which, coupled with a foreign exchange gain, has led to a 70bps increase in the underlying operating margin year on year.

A roll-out programme is planned for installing further Lean-Lifts into the hubs. Through 'dead space' utilisation and a reduction in travel and picking times, this should allow us to grow our business without the need for extra premises or people.

Looking ahead

The UK management team remain optimistic regarding the opportunities that lie ahead.

The overall UK industrial fastener market is worth £1.2bn, £600m of which is estimated to be comparable to our business with *TR*UK currently having around a 10% market share. As the result of our investment for growth strategy, we have employed additional resource within sales, telemarketing, engineering and supplier development, making us well positioned to capitalise on further prospects.

We are also delighted to announce the recent appointment of Kevin de Stadler as Director of Sales for UK & Ireland who joined *TR*UK in May 2016. Kevin is responsible for delivering strategy, sales management and leadership, new business development and key account management within the UK.

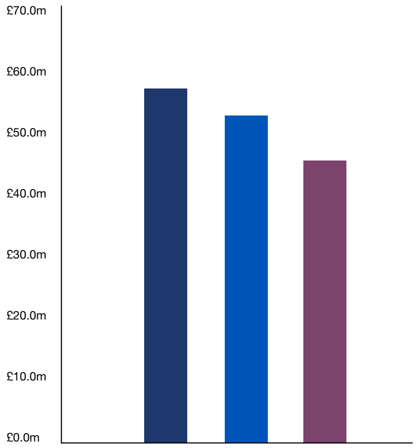
Succession planning has been central to our activities this year and this focus will continue to provide opportunities and development experiences for our people. Some moves within our operational structure are already beginning to create progression opportunities to help develop 'leaders for the future'.

With planned investment for growth and 90% of the market still to go for, we look forward to what the future can bring.

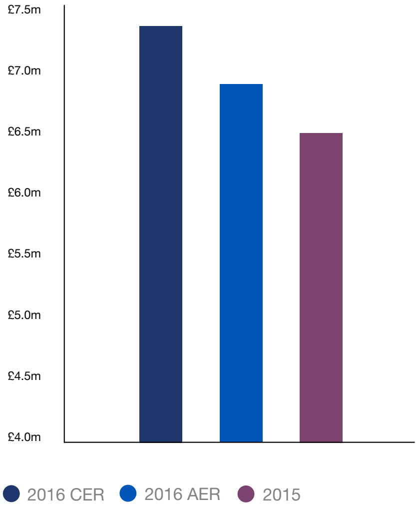
Europe

Geoff Budd | *TR* Europe Managing Director

Revenue



Underlying operating profit*



* Before separately disclosed items which are shown in the financial statements

Europe — 33% of Group revenue

This has been an extremely positive year for *TR* in Europe with an impressive 24.8% increase in revenue to £57.8m (AER 16.7% to £54.0m) (2015: £46.3m).

This increase reflects a solid performance from our existing locations, which has been well supplemented by the acquisition of *TR* Kuhlmann as well as additional non-organic revenue arising from VIC's first full year of trading within the Group.

Organic growth

Sales growth has been strong across a number of locations, most specifically in Holland and Sweden where revenues increased by more than 10%. In both cases, this growth has been largely driven out of additional sales to multinational OEMs in the automotive sector and is a good example of how our core organic strategy of focusing on our multinational OEM customers is continuing to bear fruit.

VIC has continued to outperform our expectations in terms of organic revenues, with an increase of 13.3% on the previous year (£2.6m). With virtually all of this additional revenue coming through from the domestic appliances sector, this ongoing trend is helping the Group to maintain a balanced sector split.

Non-organic growth

Non-organic growth has driven 14.0% (£6.5m) of the revenue increase. This is made up of additional sales of £4.0m arising in VIC in April and May 2015 and the first six months of trading in *TR* Kuhlmann generating revenues of £2.5m.

Margins

The fall in underlying operating margins in the region to 12.7% (AER fall to 12.7%) (2015: 14.0%) has been largely the result of gross margin reductions in VIC, where profitability has been negatively impacted by adverse movements in the €:US$ exchange rate. Across the rest of the region margins have remained broadly in line.

Looking ahead

Europe continues to provide a key opportunity for growth, both in terms of the on-going development of our existing businesses and from potential future acquisitions with hotspots already identified in Spain and Eastern Europe.

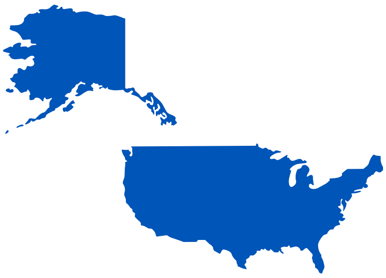
The integration of *TR* Kuhlmann is set to continue to build on the successes achieved to date, while additional investment is underway at VIC, both to increase manufacturing capacity and sales resource so as to support further growth at our biggest European site.

In terms of profitability, we are starting to see the impact of more positive movements on the €:US$ exchange rate. If this situation continues then this should benefit gross margin improvements in Europe in the coming months.

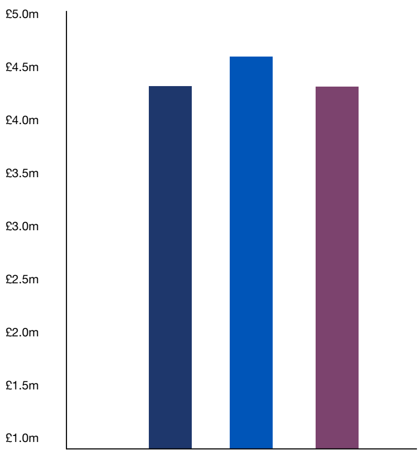
Business review

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER') and, where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2 in the Governance and financials report).

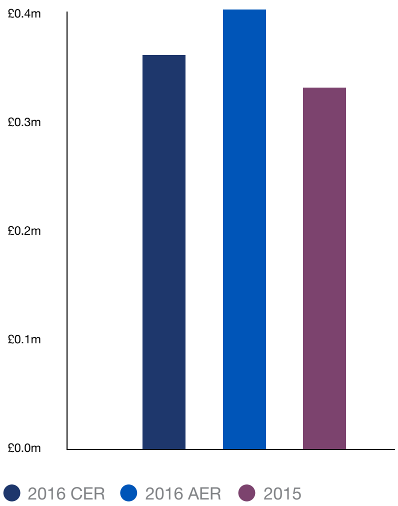
USA



Revenue



Underlying operating profit*



* Before separately disclosed items which are shown in the financial statements

Gary Badzioch |
TR Fastenings Inc Operations Director

USA — 3% of Group revenue

This region has produced a steady year of trading with both revenues and underlying operating profits having remained broadly stable at £4.3m and £0.4m (2015: £4.3m and £0.3m). The increase in the underlying operating margin to 8.7% (2015: 7.6%) reflects improvement in the gross margin reflecting a shift in the sales mix towards a higher margin product.

Where *TR* USA has excelled is in setting the stage for the future. Our core organic strategy of focusing on our multinational OEMs has provided us with a stable foundation to continue to organically grow these accounts. We have particularly enjoyed growth in the automotive sector with the team in Houston making tremendous inroads into building local relationships with top Tier 1 automotive customers based in the USA, further contributing to *TR*'s Group goal of being recognised as a 'global solution provider' to multinational OEMs. It is these relationships that have helped build up a pipeline of new automotive business wins that will underpin steady growth over the coming years. This will be further supported by our ongoing investment for growth in the automotive sector, including putting engineering support into Michigan, where many of the automotive Tier 1's headquarters are located.

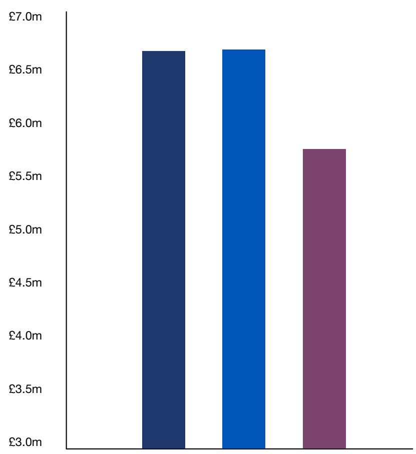
We are particularly proud of the fact that *TR* USA, with the support of *TR* globally, was recently recognised as 'Supplier of the Year' award with one of the top Tier 1 automotive customers in the world.

A second driver to our future growth will be Mexico. What multinational OEMs have recognised is that *TR* has been located strategically in Houston to serve both the USA and Mexico segments of their supply chains. The ability to get product to all segments of North America in three days or less, *TR*'s ability to manage the customer's supply chain, and *TR*'s ability to provide engineering support, all combine to give our multinational OEM customers savings to the bottom line in more ways than just the cost of the product. Being able to support supply chains in Mexico will be a key asset for the future as this region is seen more and more as a viable alternative to manufacturing in Asia. We have structured ourselves internally to take advantage of this trend, investing heavily in both employees and our supply chain, to enable us to continue to push our strategy of supporting multinational OEMs in Mexico.

Asia

Revenue

Underlying operating profit*



2016 CER 2016 AER 2015

Charlie Foo |
TR Asia Managing Director

Asia — 24% of Group revenue

TR Asia has produced a strong set of results, with underlying operating profits at CER and AER increasing significantly at by 17.5% to £6.7m (2015: £5.7m) to secure a margin of 17.3% (2015: 14.8%). Against this growth in profitability, revenues have stayed broadly stable, with a 1.0% increase to £39.1m (AER £38.6m) (2015: £38.7m).

During the year we witnessed a series of changes to trading conditions in the region with oil price reductions, concerns over the Chinese economy and a sharp downturn in the strength of the Asian currencies towards the end of the first half. However, despite these unsettled external conditions the region has experienced strong growth particularly in the domestic appliances sector.

TR Formac, Singapore has seen the largest revenue growth at 9.4% (£1.1m) coupled with a gross margin increase. This impressive result has been mainly driven out of additional sales to our multinational OEM customers and increased capacity.

Singapore continues to lead the Asian sites, contributing 34% of total sales to the region. The micro-screw, self-clinch fastener and complex part products have earned numerous awards and *TR* Singapore is recognised as an outstanding supplier/ manufacturer with zero defect capability.

PSEP, Malaysia in contrast had a slower year due to weak domestic demand and a highly competitive domestic automotive market. Revenues have fallen by 8.4% (£0.8m), although underlying operating profits have remained broadly stable reflecting a strong level of cost control as revenues have reduced.

SFE, Taiwan has used its industry reputation of high quality manufacture and delivery to continue to grow with support from Europe and the USA. Trading levels have increased by 4.1% and underlying operating margins have improved as a result.

Across the rest of the region, amongst our distribution businesses in Shanghai, India and Thailand, we have seen some reduction in trading levels. This is predominantly due to a slower than expected production start at one of our key multinational OEMs in the automotive sector. Excluding this one specific issue, we have not felt any significant impacts coming out of the reported weaknesses in the wider Chinese economy.

Looking ahead

The opportunities for growth across the region remain positive. The investment in to additional capacity at our Taiwanese factory is already delivering results with the growth we have seen in 2016. The £1.0m investment in a state-of-the-art parts former at PSEP is completed, so we can expect to see further capacity utilisation starting to flow through in the coming year.

In addition to this investment, our renewed focus on working closer together as a Group, means we will be in a stronger position to drive utilisation of our existing capacity in Asia, while helping to cover fixed costs more effectively and generate increased margins on our external sales.

Looking beyond organic growth, Asia is a region of great interest to us for potential acquisitions. As a result, at both a Group and local level, we continue to actively identify and review acquisition opportunities as they arise.

* Before separately disclosed items which are shown in the financial statements

Marketing report

Abi Burnett | Head of Marketing

Sian Whitlock | Artwork and Marketing Co-ordinator

Dan Jeffryes | Creative Designer

Tom Dewhurst | Marketing Projects Assistant

TR Marketing has had a busy 12 months.

The key areas of focus for us have been the new trading website, global exhibitions, monthly digital promotion of *TR*'s product ranges and the ongoing PR and advertising of the global brand. The team works with global sales to develop the most relevant and up-to-date marketing material for the Group. The initiatives have included new industry specific brochures and videos showing *TR*'s manufacturing capabilities around the globe, a new corporate presentation updated with key information for customers, an increased range of product literature and a new 'Introduction to *TR*' brochure. With a new location in Germany and increasing sales into Mexico and Spain, Marketing is also working with *TR* locations around the globe to build a library of multi-lingual material.

The new global trading website has been a key focus, with the team working closely with industry and product specialists to update content. It was vital that this was done to ensure that *TR* is found on search engines not only for its products, but for the support the Company offers as a full service provider to a range of industries.

The design of the website was developed in-house by the team, who worked closely with programmers and a Search Engine Optimisation (SEO) Consultant to ensure that the site is functional as well as clean and modern. The user experience is key, with various tools for monitoring statistics and visitor behaviour and regular updates and design changes implemented to ensure *TR* is ahead of the game at all times.

With the launch of the new website, regular monthly email promotions, exhibitions and ongoing PR and advertising, it is important for the team to be able to monitor how effective the various campaigns are. With the increase in digital marketing, tracking has become more readily available with statistics on 'clicks' and 'opens' that can be followed up by the sales teams around the globe. Reports are compiled in-house for the various product promotions that include email statistics and sales figures for the specific ranges that have been marketed, showing what impact the promotion had and whether the team needs to assess how and who to target in the future.

With a focus on targeted industries and regions, *TR* has chosen some key shows to exhibit at throughout 2016, including Automechanika at the NEC in June and the Global Automotive Components and Suppliers Expo in Stuttgart, Germany, both targeted at the automotive industry.

With an aim of growing our sales into new areas, our US team will be exhibiting at the Fastener Fair Mexico in May, and in Europe we have some 'Meet the Buyer' events coming up in Poland that will be visited by key personnel from a range of industries. Marketing work with the global sales teams to organise and promote *TR*'s attendance at these shows, focusing on the key services and products *TR* offers. Press releases, email promotions and staff signatures are just a few of the ways *TR* lets people know where it is going to be exhibiting. Behind the scenes, the team is designing and developing new exhibition stands, tailored literature and promotional material making the Group stand out from the crowd.

TR Marketing is constantly working on unique ways to promote the Group. For example, the Easter campaign 'Find the hidden Easter Eggs', encouraged people onto the new website to find six hidden Easter Eggs that had been strategically placed in images in key sections on the site. Not only was this a very successful promotion with many customers commenting how much fun it was, it increased the visits to the new website. The future of marketing is ever changing, with automation and digital trends becoming more and more prominent and the *TR* Marketing team work continually on developing how it promotes the Company to the market place and on the most effective ways to monitor success.

> "With a focus on targeted industries and regions, *TR* has chosen some key shows to exhibit at throughout 2016, including Automechanika at the NEC in June and the Global Automotive Components and Suppliers Expo in Stuttgart, Germany, both targeted at the automotive industry"

Webteam

Keith Gibb |
Head of Web Development

Abi Burnett |
Head of Marketing

Jo Devlin |
Strategic Project Manager

Peter Webb |
Software Development Manager

Anji Longley |
Web Project Manager

Since its launch over ten years ago, *TR*'s commercial website has proven to be extremely popular with designers and specifiers across the globe.

With the increasing use of mobile devices and an ever growing portfolio of products, we felt that the existing website was in need of a major overhaul. Rather than apply fixes we decided to start again from scratch and build a data-driven, fully responsive website with our own in-house team.

As our website is predominately used by designers looking for technical specifications, we wanted it to be driven by the product data so we started to compile a database of dimensional information. The advantage of this approach was that by completion we would have a single database of all our product data. New products can be added quickly and errors fixed in one place. In addition to driving the website, we wanted to populate data in our product brochures.

Having been with *TR* for over 25 years, working in marketing, sales and products, Keith Gibb was appointed to oversee the process, working closely with marketing and the IT team.

Jo Devlin was asked to project manage the process, ensuring that the team was successful in meeting the objectives of the project and also hitting all major timelines.

Abi Burnett and the marketing team took on the task of designing the look of the site and compiling the rest of the content.

We needed a fresh, modern look that worked well on mobile devices. More importantly we needed good content and this was the ideal opportunity to rewrite the whole corporate side of the site. We wanted to ensure every visitor saw a complete picture of *TR* as a global full service provider; our products, our services and the industries we supply. Good design and content in this area is vital for enhanced user experience and helps our new website to be ranked highly by search engines ensuring *TR* is found for the products and services we supply.

All of this design and content means nothing without good solid programming and a reliable hosting service. This came down to Peter Webb who has been programming applications for *TR* for 16 years.

After 12 months of intensive work, the site went live at the beginning of February 2016.

See our commercial website
visit www.trfastenings.com

Glenda Roberts | Group Sales Director

Group Sales Director, Glenda Roberts, was the Main Board sponsor for the project.

“I am delighted with what the team has achieved in such a short time. We have had fantastic feedback from our customer base and the new website is already starting to help us secure new business. We have big plans for the site over the next few years: more products, more information and customer-specific portals so it's reassuring that we have such a solid team behind it”

Corporate social responsibility

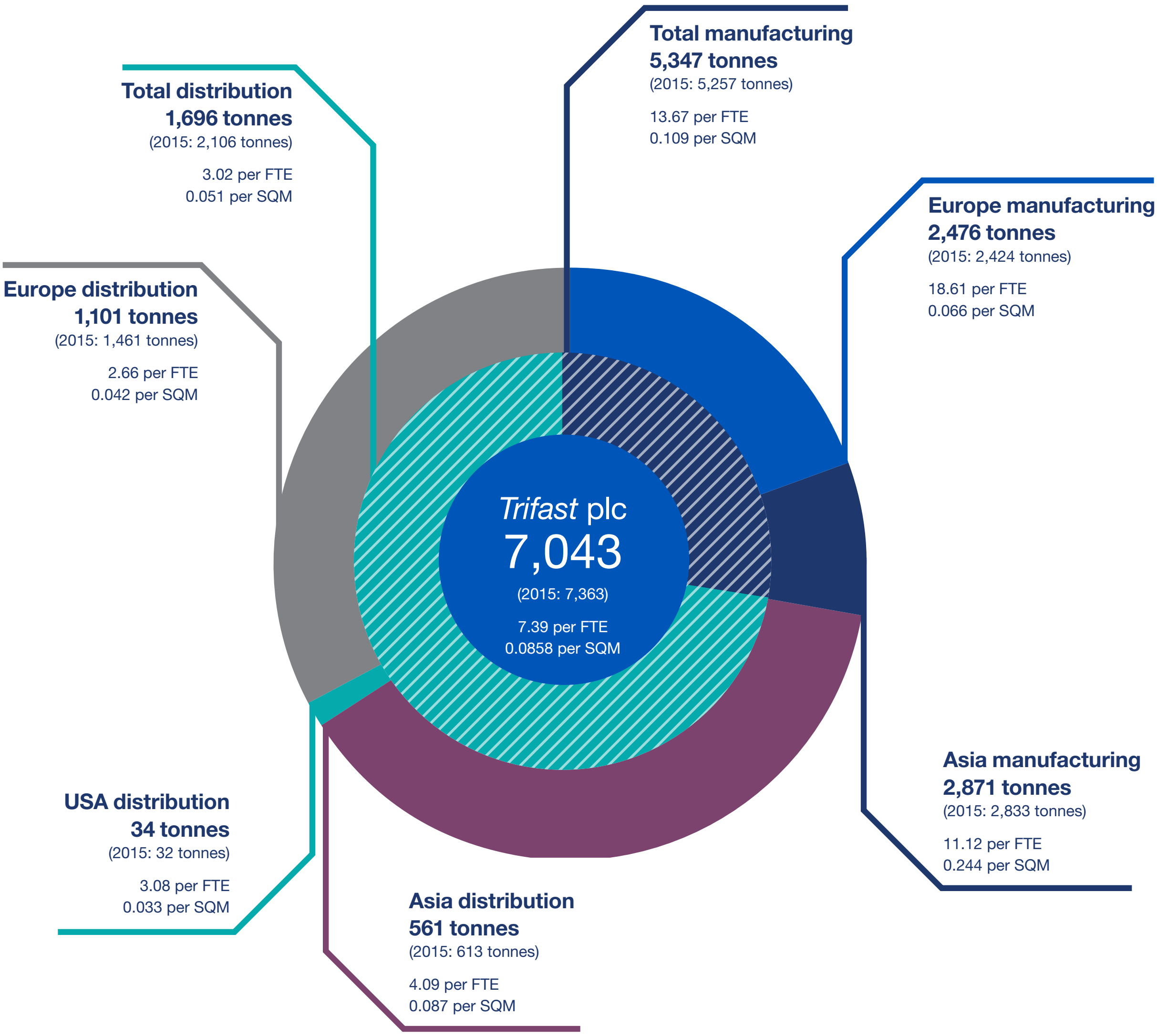
> "We work on a continuous improvement programme of objectives and targets, monitoring our impact on the environment and reducing our waste production and CO_2 emissions"

Environment

Trifast's environmental impact is of great importance to us. It is the intention of the business that its Environmental Management System assesses and controls the environmental impacts of its activities, products and services. It also serves to implement the Company environmental policy. The system drives maintenance and continuous improvement throughout the Group.

Trifast commits to:

- Prevent pollution as far as is reasonably practical
- Reduce the production of waste and develop effective waste management and recycling procedures, as well as disposing of unavoidable waste in such a way as to minimise its environmental impact
- Minimise emissions when defined as having a significant impact
- Periodically review its environmental arrangements and performance against objectives to ensure that it remains relevant and appropriate
- Encourage awareness of internal and external environmental issues, and this Environmental Policy
- Conduct its activities in full knowledge of, and compliance with, the requirements of applicable environmental legislation, Approved Codes of Practice and other environmental requirements agreed by top management



Jenni Morland |
European Health, Safety and Environmental Manager

"We work on a continuous improvement programme of objectives and targets, monitoring our impact on the environment and reducing our waste production and CO_2 emissions"

Carbon footprint 2015–2016

Our emissions data includes all material emissions of the six Kyoto gases from direct sources, and from purchased electricity, heat, steam and cooling where applicable. No direct source material emissions have been omitted.

Date period for reporting	01/04/2014–31/03/2015	01/04/2015–31/03/2016
Total scope 1	2,297 tonnes CO_2e	1,702 tonnes CO_2e
Total scope 2	5,066 tonnes CO_2e	5,341 tonnes CO_2e
Total GHG emission for *Trifast*	7,363 tonnes CO_2e	7,043 tonnes CO_2e

Figures are reported in tonnes of CO_2e (Carbon Dioxide Equivalent)

Reports are calculated in the following ways:

- Tonnes of CO_2e
- Tonnes of CO_2e per FTE (Full Time Equivalent)
- Tonnes of CO_2e per SQM (Square Metres of floor space occupied by the Company)

Business and the community

Trifast recognises the role that local communities play in our businesses and we aspire to be a responsible partner in the communities we operate in around the world. Our desire to support the needs of local areas is as strong as ever and our teams across the globe take part in community initiatives, sponsorship and fundraising activities and are actively encouraged to do so.

Over the last year, within the UK we have strongly supported Macmillan Cancer Support with various fundraising events. Macmillan is a cause close to all of our hearts, particularly in our North East location since the loss of our friend and colleague Linda Woodward in 2015. We will continue to support the Charity in the future.

We also sponsor a number of sporting teams across the globe including grassroots football clubs in the UK, Norway and Holland whilst we continue to be a sponsor of Newick Cricket Club in East Sussex.

A new sponsorship is Glasgow Tigers, the West of Scotland's only professional speedway team which is celebrating its 70th anniversary in 2016.

The sporting theme continues with our sponsorship of a young tennis talent, Amelia Devlin who competes at county and regional level and has great potential for the future.

We have formed close links with local schools and colleges promoting opportunities for work experience, classroom seminars, pupil and staff visits. *TR*'s HR Director has become an Enterprise Adviser for a local college with a view to fostering better levels of understanding between schools and industry as to the needs of employers and how this can be fostered within the school/college environment.

Community and sponsorship

TR Goes for the Ultra – 69 Miles in 24 Hours! – Don Lamb, Business Development Manager at *TR* Newton Aycliffe, will be undertaking an incredible cross-country ultramarathon, running 69 miles in 24 hours from Carlisle to Newcastle-upon-Tyne, raising funds for Waverley Primary School, to be used to build an outdoor learning classroom.

TR is sponsoring Jamie Bedwell, an aspiring 17-year-old triathlete from Uckfield who hopes to be selected for the Olympic Games in the next ten years.

TR Southern Fasteners supports 'Please Pass the Bread' food bank – the team in Ireland has donated some racking to the charity, a department of Global Missions Ireland, set up to help deal with the hidden poverty in Cork city.

TR USA was honoured to be a part of the United Way Annual Golf Event in Plymouth, Michigan as an Eagle sponsor, one of only a select few companies associated with the tournament.

TR is proud to be sponsoring the Glasgow Tigers — the West of Scotland's only professional speedway team and one of only a handful of motosport venues in Scotland.

TR is delighted to be a Corporate Sponsor of Newick Cricket Club, a vibrant village club, with over 200 members, ranging in age from 8 to 80 in East Sussex.

TR is delighted to be sponsoring rising young tennis player, Amelia Devlin, from Heathfield in East Sussex. Amelia started playing tennis when she was four and now aged ten competes regularly at both county and at regional level.

TR Holland sponsors local soccer tournament – Organised by Oldenzaal Rotary the tournament comprises of 315 teams of 7-11 year olds from 6 local schools that play up to 800 games over 2 weeks.

TREKKERS
THREE PEAKS CHALLENGE
2016

Five adventurous employees from *TR* Fastenings geared up to scale the UK's three highest mountains in July, in a bid to raise money for Cancer Research UK.

Remembering a *TR* Fastenings Colleague with Coffee & Affection – *TR* Newton Aycliffe recently held a Halloween-themed coffee morning with the proceeds going to Macmillan Cancer Support, in memory of Linda Woodward, a former colleague and Accounts Co-ordinator at *TR* Fastenings.

TR Treks the Freedom Trail in the Pyrenees mountains. Sean Cushen, Business Development Manager of *TR*'s Branded Products range, is striding out this September as part of a team of 18 who will be undertaking the famous challenge across the Pyrenees mountains in order to raise £40,000 for the Douglas Macmillan Hospice in North Staffordshire.

TR supports Phil Edwards of Weald Electric Vehicle Technology, designer of an award winning electric-powered drag-race motorcycle that broke the record for the fastest recorded standing-start ¼ mile time in the UK.

TR sponsors local football team – Established in 1982, Uckfield Grasshoppers currently has over 300 members aged 5-16, and provides youngsters with the opportunity of playing football in a safe environment.

On Friday 17 December 2015 the *TR* Office in Scotland wore Christmas Jumpers to raise money for Macmillan Cancer Support, Save the Children and Make a Wish.

Risk management

Viability statement

In line with provision C.2.2 of the code the Directors need to assess the prospects of the Company taking into account the current position and principal risks to determine whether there is a reasonable expectation that the Group will be able to meet its liabilities as they fall due over a specified period of time.

The Directors have carried out this longer term viability assessment over a period of three years as this aligns with the Group's detailed forecast which is approved at Board level. Three years is considered an appropriate period of time for the Group as it strikes the right balance between the need to plan for the long term whilst considering the uncertainty that arises in relation to assumptions the further you look ahead. The period is also within the term of the new banking facilities which have been discussed on page 35.

In conducting the assessment the Directors have considered the principal risks outlined on pages 48 and 49 to perform stress testing on the forecast to determine the impact on the financial position and performance of the Company. These risks have been identified by the Board, and are actively monitored on an ongoing basis, as the key ones the Group faces which could have a material adverse impact on future performance if they materialise.

After considering the assessment, the Directors believe that there is a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due over the next three years.

Kerry Moran |
Support Desk Manager

Chris Tull |
Support Desk Analyst

Sylvia Milsom |
Support Desk Analyst

Graham Morrison |
Support Desk Analyst

TR Systems
IT resource for *Trifast* plc

TR Systems has been supporting and developing the IT resources of *Trifast* and its subsidiaries for over 25 years.

The department oversees all the business IT requirements whether that be developing and supporting our current ERP Solution or protecting the Group from cyber threats using a range of experience and skills from all members of the team. This breadth of knowledge allows us to advise the Main Board on future developments that will keep the Group at the forefront of technological 'best practice'.

This year, *TR* Systems' focus is enhancing its Group resource. Visits to all subsidiary companies are planned in order for the IT Team to carry out health checks and feasibility studies at each location. The outcome of this work is to ensure that the *Trifast* Group remains secure from potential malicious threats and is adhering to consistent best practice.

Modern technology

The standard Company employee's workstation is totally unrecognisable today from how it looked 25 years ago. On the desk you will now find modern, 'Thin Client' technology running the latest Citrix desktop solution. This will be displayed on one, or maybe two, 23inch HD screens. This is a far cry from the 'dumb' terminals running 14-inch screens in two colours. In addition, the latest modern IP phones run on a virtual phone switch, breaking out over internet based phone lines (SIP).

"*TR* Systems is constantly improving our security measures. We have recently made a large investment in the latest security solutions. Yearly penetration tests are carried out by an independent organisation to test *TR*'s internal and external infrastructures"

Cyber security

The IT needs of the business are constantly under review and one of the main topics of discussion is the increasing threat to cyber security.

Threats are becoming more prevalent in today's society; it is common to hear in the news that there has been a 'cyber-attack'. This can include company computers being hacked, or important information being stolen or published on the internet. When you hear that there has been a cyber-attack, your first thought may be that someone has hacked into a computer system from another computer system. Surprisingly, cyber-attacks are not solely technology based. Only around 50% of attacks are from a computer; the remaining 50% take many forms such as social engineering.

TR Systems is constantly improving our security measures, and we have recently made a large investment in the latest security solutions. Yearly penetration tests are carried out by an independent organisation to test *TR*'s internal and external infrastructures.

Safety is always factored in when developing new web facing software or when releasing new hardware, and the Company also keeps up-to-date with the latest risks and viruses. Updates are also automatically pushed out to our security software on all Company laptops.

Accreditation in the IT Security standard ISO 27001 is being worked towards and is on-track to be achieved in 2016/17. Accreditation will ensure that the Group has a systematic approach to managing sensitive company information, and to make sure it remains secure by applying a risk management process that is considered best practice.

Peter Webb |
Software Development Manager

Stephen Whittle |
Analyst Programmer

Stephen Maxwell |
Web Developer

Stephen Hopkins |
Data Analyst

Damian White |
Systems Engineer

Colin Coddington |
Head of IT

Risk management

How the business manages risk

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

Risk management

Risk	Description and potential impact	Mitigation	Has the risk materialised?	Trend
Personnel	Without appropriate investment in our people and succession planning across all levels of the business from the Board down, we may not be able to deliver our future plans and long term success	Our succession planning processes identify key employees and are designed to broaden our specialist knowledge and skills base. Succession planning at Board and senior level is discussed in more detail in the Nominations Committee Report in our Governance and financial report We invest heavily in our people via ongoing training and our Group wide Performance Development Programme. Rewards are reviewed annually to ensure they remain at levels that are competitive within the market place	The Group enjoys extremely high retention levels with over 50% of staff having been in the Group for more than 10 years. All key succession risks are appropriately managed	↓
Quality and manufacturing	We recognise that the quality of our manufactured and externally sourced products is of critical importance. Any major failure will affect customer confidence and may lead to immediate financial penalties	Our established global quality team maintains our Group wide quality compliance protocols. Quality inspection processes across our manufacturing and distribution sites are robust, allowing us to offer zero-defect supplies to customers where required and appropriate insurance is maintained and reviewed annually	The Group has not experienced any substantial quality issues, but quality is moving further up the agenda across all sectors of our client base	→
Foreign exchange volatility	A significant portion of the Group's revenue and profit is generated outside of the UK. Due to translation risk, the Group results could be adversely impacted by an increase in the value of sterling relative to foreign currencies. In addition, a transactional risk exists as the Group sources certain products from the Far East for sale across Europe	Transactional hedging is achieved via the commercial matching of transactions wherever possible. Non-functional currency balance sheet items are minimised and net investment hedging is used for any significant acquisition finance	Foreign exchange volatility has been much higher over the year in two of the Group's key currencies, € and US$ Information in respect of the Group's policies on financial risk management objectives including policies to manage foreign exchange is given in note 26	↑
Macro-economics	Traditionally distribution/ manufacturing sectors bear the effect of inventory reduction in challenging economic periods earlier than other industries	By operating globally and across a number of sectors, the Group is better able to manage the risk of regional or industry contractions. As customers move, or expand, we have the capability to move with them, whilst our first class customer service works to protect us from rapid supplier changeover. We hold less than 1% of a £25bn target market meaning growth via market share remains credible even in a falling market	The global economy remains in a period of growth, albeit that current conditions have become less settled than in previous years	→

Risk management

Risk	Description and potential impact	Mitigation	Has the risk materialised?	Trend
Inventories obsolescence	The Group holds substantial inventory balances across the world. As the business grows these levels will increase to meet both transactional needs and the requirements of our multinational OEM customers. Higher stock levels lead to an increased exposure to obsolete inventory	Stock management processes are a key part of the Group's internal controls and stock days are a KPI, monitored locally and at Board level. We continue to invest in stock management processes and systems to ensure we keep optimum levels across the world. Our multi-locational set up, allows us to reduce lead times and therefore stock holding as far as possible	Customers' requirements and our product mix are ever evolving. Our tight stock management and engineering know-how allow us to view these changes as an opportunity to develop and sell new lines, rather than as a risk to the business	→
Customer failure and debtor exposure	Increased trading levels lead to higher debtor balances, raising our exposure to customer failure and bad debt write downs	We maintain strong credit control procedures from new customer set up, through to regular monitoring as trade develops. Our multinational OEM focus means we build head office relationships, improving our supplier power and helping us to manage credit relationships with our larger customers. We also have global catastrophe credit insurance cover	The Group has not in recent years experienced any substantial credit issues	→
Interruption of supply	The Group sources products both internally and externally for customers around the world. If we were unable to supply a customer in line with their ongoing manufacturing requirements, the risk both to our reputation and in terms of potential stoppage penalties would be substantial	We hold appropriate stock levels to service our customers' needs at all times. Our pan-global presence means we are able to operate along multiple transport routes, shielding us from localised issues. For all key products we maintain multiple sources to ensure adequacy of supply. Our approved vendor due diligence processes also help to mitigate the risk of a supply chain breakdown	In recent times, political and climatic instability have increased in a number of areas within the world. Where we have encountered issues, our established and flexible logistics have allowed us to continue to offer timely and reliable supply to our customers	→
Cyber security	Unauthorised access to, or a breach of, our systems, networks or premises, could immediately and materially affect our reputation with possible implications for revenue and growth over the short to medium term. Such a breach may also cause financial loss	We have undertaken a review of our cyber security controls worldwide. Additional investment has been made where required to manage our risk. Our IT policies are managed by a dedicated in-house team and access to systems is strictly limited to appropriate personnel	The Group has not to date experienced any significant cyber security threats	↑

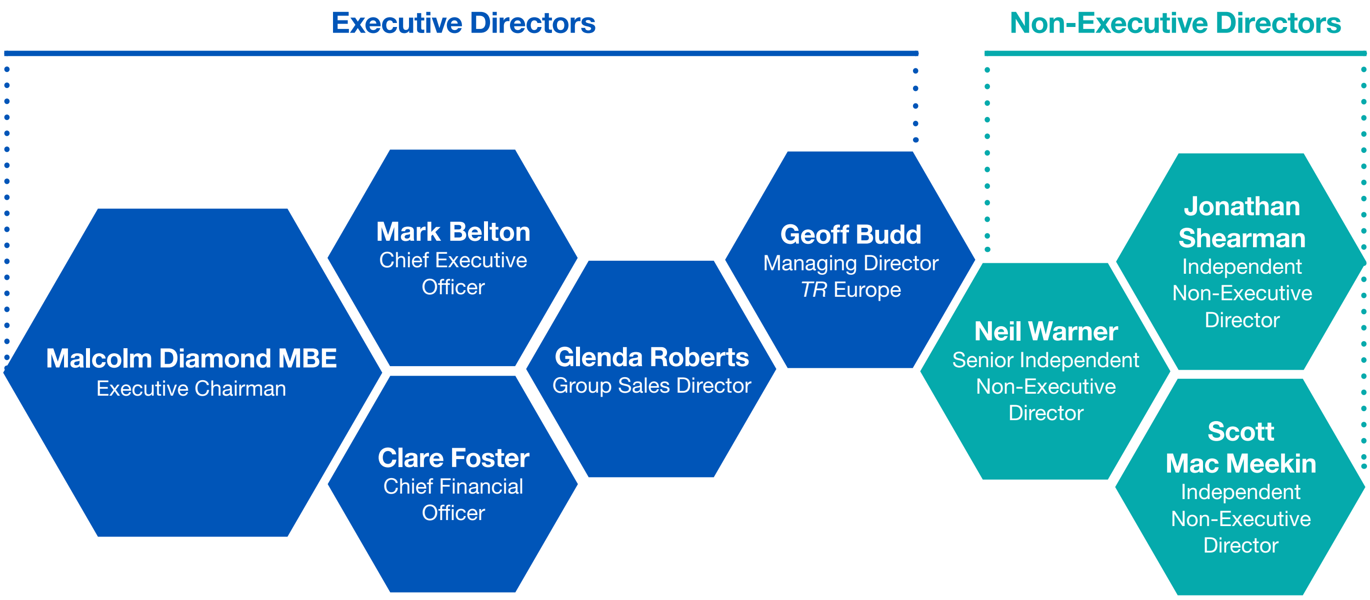
Corporate governance within *Trifast*

Here at *Trifast* we believe in effective, entrepreneurial and prudent management, using good corporate governance practice to deliver long-term success for *Trifast* and all its stakeholders.

We follow the UK Corporate Governance Code which is a set of principles of good corporate governance aimed at companies listed on the London Stock Exchange. It is overseen by the Financial Reporting Council and its importance derives from the Financial Conduct Authority's Listing Rules.

The Board of Directors is appointed to act on behalf of the shareholders to run the day to day affairs of the business.

The *Trifast* Board is made up of Executive Directors, who work within *Trifast*, and Independent Non-Executive Directors whose roles are to provide balance and to ensure the Board, as a whole, functions effectively. Where our Executive Directors have an indepth knowledge of *Trifast*, our Non-Executive Directors provide a wider perspective of the world at large.



How the Board is structured and works

The collective members of the Board plan and make decisions for *Trifast*, setting the strategic direction, making sure that all risks are managed effectively. Separate Board Committees also exist, mostly made up of Non-Executive Directors, to focus on decision making areas that require an independent opinion.

Audit Committee

Provides effective governance around *Trifast*'s financial reporting and ensures the integrity of its financial statements. Reviews the appropriate accounting policies, monitors internal financial controls, looks at financial risk management and monitors the performance of the external auditor.

Nominations Committee

Regularly evaluates the composition of the Board and the Committees so that each are made up of the right people with the right skills, knowledge, experience and independence. The Committee looks closely at succession planning for executive and non-executive directors and senior management.

Remuneration Committee

The independent members of the Remuneration Committee ensure that a policy exists for the remuneration of the executive directors that is fair, attracts key executives and rewards progress against *Trifast*'s business strategy.

Read the Audit Committee report in the Governance & financials report on pages 10 to 12

Read the Nominations Committee report in the Governance & financials report on pages 13 and 14

Read the Remuneration Committee report in the Governance & financials report on pages 15 to 24

Governance areas of focus during the financial year

Malcolm Diamond MBE |
Executive Chairman

"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. This ensures that it maintains control over appropriate strategic financial organisations and compliance issues to ensure the long term success of the Group"

Neil Warner |
Audit Committee Chairman

"The Committee has focused on the integrity, completeness and clarity of financial reporting, the areas where judgements and estimates are required in the financial statements and the quality and effectiveness of audit processes to complement the other risk management activities.

The Board and Committee have also focused on the recently introduced governance requirements regarding the Annual Report and consider that, taken as a whole, the 2016 Annual Report (Strategic report and Governance & financials report) is fair, balanced and understandable with appropriate references being made throughout the various sections to assist shareholders and others to understand the information and disclosures contained within them"

Malcolm Diamond MBE |
Nominations Committee Chairman

"Appointing the best people to the Board is critical to the success of the Company.

It is clearly evidenced that management development throughout the Group has prospered on the basis of promotion from within. We were delighted that Mark Belton, who has been with the Company for 17 years and CFO for five, and has also played a pivotal role in our successful acquisition activity to date, accepted the promotion to the role of CEO on 1 October 2015.

At the same time, following a 16-year career within one of the top firm of accountants, Clare Foster joined the Group as Group Financial Controller at the start of 2015 and succeeded Mark as Chief Financial Officer and joined the Main Board on 1 October 2015.

On 1 April 2016, Lyndsey Case, our Group Corporate Accountant with 16 years experience with the business took up the role of Company Secretary. These appointments are well deserved to people we acknowledge have the drive, skill sets and experience we look for in our mandate"

Jonathan Shearman |
Remuneration Committee Chairman

"The remuneration policy at *Trifast* seeks to attract, incentivise and retain those team members who are critical to executing our business strategy. Within this, we aim to deliver a fitting mix of:

- fixed and variable compensation
- cash and equity components"

Read about Corporate governance in the Governance & financials report on pages 8 to 9

Board of Directors

Executive Directors

Malcolm Diamond MBE
Executive Chairman

Length of service
Total 34 years; re-appointed in 2009 to the plc Board as Executive Chairman
Formerly, *Trifast* CEO for 18 years before retiring in 2002

Non-Executive Chairman at Flowtech Fluidpower plc since May 2014 and appointed as Non-Executive Director at Acal plc in November 2015

Key areas of expertise
Sales & marketing, strategic planning & implementation, business development and investor relations

Committee membership
Chairman of the Nominations Committee and by invitation

Mark Belton
Chief Executive Officer

Length of service
17 years; appointed to the plc Board in 2010 and CEO on 1 October 2015

Key areas of expertise
All aspects of strategic and financial planning, and investor relations.

Committee membership
Nominations Committee and by invitation

Clare Foster
Chief Financial Officer

Length of service
1 year; appointed to the plc Board 1 October 2015

Key areas of expertise
All aspects of financial planning, reporting and controls at Group and operational levels

Committee membership
By invitation

Geoff Budd
TR Europe Managing Director

Length of service
40 years; appointed to the plc Board in 1986

Key areas of expertise
Extensive knowledge of the industry, European and Asian markets particularly in sales & purchasing, manufacturing and quality

Committee membership
By invitation

Glenda Roberts
Group Sales Director

Length of service
26 years; appointed to the plc Board in 2010

Key areas of expertise
Global sales & marketing, logistics & supply chain and customer relationship management

Committee membership
By invitation

Read the Statement of Directors' responsibilities in the Governance & financials report
on page 25

Board of Directors

Non-Executive Directors

Neil Warner

Senior Independent Non-Executive Director

Length of service

Appointed to the plc Board on 16 June 2015

Key areas of expertise

Experienced Senior Independent Director with strong City relations. Extensive knowledge of international businesses gained over 30 years in commerce; solid understanding of key strategic drivers - growing sustainable businesses globally, M&A, compliance, risk management and IT

Committee membership

Chair of the Audit Committee and a Member of the Remuneration Committee and the Nominations Committee

Jonathan Shearman

Independent Non-Executive Director

Length of service

7 years; appointed to the plc Board in 2009

Key areas of expertise

Investment Fund management, stockbroking and investment banking, IT and charitable foundations

Committee membership

Chair of the Remuneration Committee and a member of the Audit Committee and the Nominations Committee

Scott Mac Meekin

Independent Non-Executive Director

Length of service

3 years; appointed to the plc Board in 2013

Key areas of expertise

20 year career in both commercial and corporate structures across all major continents and cultures in: M&A, global logistics, technology, distribution and manufacturing

Committee membership

Member of the Audit Committee and Remuneration Committee

Read more about our Directors at www.trifast.com

Company Secretary

Lyndsey Case
Company Secretary

Length of service
16 years; appointed as Company Secretary
1 April 2016

Key areas of expertise
Financial accounting, reporting and compliance

Committee membership
Secretary to the Committees and by invitation

The Strategic report was approved by the Board of Directors on 13 June 2016 and signed on its behalf by:

Malcolm Diamond MBE
Executive Chairman
Trifast House, Bellbrook Park,
Uckfield, East Sussex,
TN22 1QW
Company registered number: 01919797

Trifast plc

Governance & financials

ANNUAL REPORT

year ended 31 March

2016

Delivering results

Introduction

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

Additional content

Strategic report

Read our accompanying Strategic report that addresses progress, outcomes and performance against our specific strategic goals and objectives. This document is available either in print or on the investor website.

Corporate website

Visit **www.trifast.com** to view a wide range of information of interest to institutional and private investors including:

- Latest news and press releases
- Annual reports and media centre

Contents

Board of Directors
Executive Directors

Malcolm Diamond MBE
Executive Chairman

Length of service
Total 34 years; re-appointed in 2009 to the plc Board as Executive Chairman
Formerly, *Trifast* CEO for 18 years before retiring in 2002
Non-Executive Chairman at Flowtech Fluidpower plc since May 2014 and appointed as Non-Executive Director at Acal plc in November 2015

Key areas of expertise
Sales & marketing, strategic planning & implementation, business development and investor relations

Committee membership
Chairman of the Nominations Committee and by invitation

Mark Belton
Chief Executive Officer

Length of service
17 years; appointed to the plc Board in 2010 and CEO on 1 October 2015

Key areas of expertise
All aspects of strategic and financial planning, and investor relations.

Committee membership
Nominations Committee and by invitation

Clare Foster
Chief Financial Officer

Length of service
1 year; appointed to the plc Board 1 October 2015

Key areas of expertise
All aspects of financial planning, reporting and controls at Group and operational levels

Committee membership
By invitation

Geoff Budd

TR Europe Managing Director

Length of service
40 years; appointed to the plc Board in 1986

Key areas of expertise
Extensive knowledge of the industry, European and Asian markets particularly in sales & purchasing, manufacturing and quality

Committee membership
By invitation

Glenda Roberts

Group Sales Director

Length of service
26 years; appointed to the plc Board in 2010

Key areas of expertise
Global sales & marketing, logistics & supply chain and customer relationship management

Committee membership
By invitation

Board of Directors
Non-Executive Directors

Neil Warner
Senior Independent Non-Executive Director

Length of service
Appointed to the plc Board on 16 June 2015

Key areas of expertise
Experienced Senior Independent Director with strong City relations. Extensive knowledge of international businesses gained over 30 years in commerce; solid understanding of key strategic drivers - growing sustainable businesses globally, M&A, compliance, risk management and IT

Committee membership
Chair of the Audit Committee and a Member of the Remuneration Committee and the Nominations Committee

Jonathan Shearman
Independent Non-Executive Director

Length of service
7 years; appointed to the plc Board in 2009

Key areas of expertise
Investment Fund management, stockbroking and investment banking, IT and charitable foundations

Committee membership
Chair of the Remuneration Committee and a member of the Audit Committee and the Nominations Committee

Scott Mac Meekin
Independent Non-Executive Director

Length of service
3 years; appointed to the plc Board in 2013

Key areas of expertise
20 year career in both commercial and corporate structures across all major continents and cultures in: M&A, global logistics, technology, distribution and manufacturing

Committee membership
Member of the Audit Committee and Remuneration Committee

Read more about our Directors at www.trifast.com

Company Secretary

Lyndsey Case
Company Secretary

Length of service
16 years; appointed as Company Secretary 1 April 2016

Key areas of expertise
Financial accounting, reporting and compliance

Committee membership
Secretary to the Committees and by invitation

Trifast House, Bellbrook Park, Uckfield
East Sussex, TN22 1QW
Tel: +44 (0)1825 747366
Email: enquiries@trifast.com

Directors' report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's Report for the year ended 31 March 2016.

Results and proposed dividends

Total Group revenue from continuing operations was £161.37m (2015: £154.74m) and the profit for the year before taxation was £13.08m (2015: £11.85m). Underlying profit before tax for the Group was £16.00m (2015: £14.31m); see note 2 for breakdown.

The Directors recommend a final dividend of 2.00 pence (2015: 1.50p) per ordinary share to be paid on 14 October 2016 to shareholders registered at the close of business on 16 September 2016. This together with the interim dividend of 0.80 pence (paid on 15 April 2016) (2015: 0.60p) brings the total of the year to 2.80 pence (2015: 2.10p). The 2016 recommended final dividend has not been included within creditors as it was not approved before the year end. The 2016 interim dividend is also unrecognised as it was paid post year end.

The accompanying Strategic Report provides a detailed analysis of the results in the year and an indication of future developments.

Annual General Meeting

The Annual General Meeting will be held on 27 July 2016 at Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Directors and Directors' interests

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

Chairman

MM Diamond MBE	Executive Director, Chairman of Nominations Committee

Executive Directors

JC Barker	Chief Executive Officer (retired 30 September 2015)
MR Belton	Chief Executive Officer (appointed 1 October 2015)
CL Foster	Chief Financial Officer (appointed 1 October 2015)
GP Budd	*TR* Europe Managing Director
GC Roberts	Group Sales Director

Independent Directors (Non-Executive)

NW Warner	Senior Independent, Chairman of Audit Committee (appointed 16 June 2015)
JPD Shearman	Chairman of Remuneration Committee
SW Mac Meekin	
NS Chapman	Senior Independent, Chairman of Audit and Nominations Committee (retired 16 June 2015)

The Directors' remuneration and their interests in share capital are shown in the Remuneration Report on pages 15 to 24. Those Directors who are retiring and, being eligible, offer themselves up for re-election, are shown in the Corporate Governance statement on pages 8 to 9. Biographical details can be found in Board of Directors on pages 3 to 5.

Substantial shareholdings

Details of the share structure of the Company are disclosed in note 24.

As at the year end on 31 March 2016, 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 shareholding
Schroders Investment Management	12,869,741	11.02%
Hargreave Hale	11,959,403	10.24%
AXA Framlington Investment Managers	10,016,034	8.58%
Mr Michael Timms	9,000,000	7.71%
BlackRock Merrill Lynch Investment Managers	4,853,519	4.16%
Hargreaves Lansdown Asset Management	4,333,269	3.71%
Threadneedle Investments	3,679,616	3.15%
Mr Michael J Roberts	3,500,000	3.00%

As at 1 June 2016, material interests representing 3% or more of the issued share capital of the Company were:

	No. of shares held	% of shareholding
Schroders Investment Management	12,869,741	11.02%
Hargreave Hale	11,435,810	9.79%
AXA Framlington Investment Managers	10,016,034	8.58%
Mr Michael Timms	9,000,000	7.71%
BlackRock Merrill Lynch Investment Managers	5,701,988	4.88%
Hargreaves Lansdown Asset Management	4,313,657	3.69%

Financial instruments

Information in respect of the Group's policies on financial risk management objectives including policies to manage credit risk, liquidity risk and foreign currency risk are given in note 26 to the financial statements.

Corporate governance

The Corporate Governance Statement on pages 8 to 9 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 Conduct 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.

No person has any special rights of control over the Company's share capital and all its shares are fully paid.

The rules governing the appointment and replacement of Directors are set out in the Corporate Governance section of the Directors' Report on pages 8 to 9. The Company's Articles of Association may only be amended by a special resolution at a General Meeting of shareholders.

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

Outside of the extension of certain Directors' rolling contract periods and notice periods (see page 17), 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 and further details are provided in the accompanying Strategic Report.

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.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The Board has decided to propose KPMG LLP to be reappointed as auditor of the Company and a resolution concerning their appointment will be put to the forthcoming Annual General Meeting of the Company.

By order of the Board

Lyndsey Case
Company Secretary
Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Company registration number: 01919797

Corporate governance

(forming part of the Directors' report)

With exceptions as highlighted below, the Company complied with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in September 2014.

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

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below (including in the Audit Committee and Nominations Committee reports) and in the Directors' remuneration report on pages 15 to 24.

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

The Board

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

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

The Senior Independent Non-Executive Director is Neil Warner (appointed 16 June 2015), 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.

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 a minimum of one third of Directors must be re-elected on an annual basis.

The Board met 7 times during the period with attendance as follows:

	Attendance in 2015/16
MM Diamond	7
JC Barker — retired 30 September 2015	4
MR Belton	7
CL Foster* — appointed 1 October 2015	3
GP Budd	7
GC Roberts	7
NS Chapman — retired 16 June 2015	-
NW Warner — appointed 16 June 2015	5
JPD Shearman	7
SW Mac Meekin	7

* CL Foster attended all seven Board meetings in FY2016 as Company Secretary.

The Directors retiring by rotation are Mark Belton, Geoff Budd and Glenda Roberts who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. In addition, following her appointment to the Board, Clare Foster, who being eligible, offers herself for election at the forthcoming Annual General Meeting. The Chairman confirms that following formal performance evaluation, the individuals seeking election and re-election continue to be effective and demonstrate commitment to the role.

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 contracts of appointment of Non-Executive Directors are available for inspection on request to the Company Secretary.

The Independent Non-Executive Directors have full access to the external auditor 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. 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 to ensure the long term success of the Company.

The Board undertakes annual evaluation of its own performance, that of its committees and individual Directors and continues to train and evaluate senior managers below Board level in order to maintain its continuous succession policy. As part of this evaluation, the Board considers the balance of skills, experience, the independence and knowledge of the Board, its diversity, including gender, and how effectively the Board works together as a unit.

The Board has delegated specific responsibilities to the Audit, Nominations and Remuneration Committees. Details are described on pages 10 to 24.

Internal audit

As detailed in the Audit Committee report on pages 10 to 12, the Board, via the Audit Committee, formally considers the requirement for internal audit on an annual basis as part of its terms of reference. A formalised internal review process called a 'Health Check' has been in operation for some years. Whilst the Board recognises that this process does not constitute a fully independent internal audit function, it believes that due to the size of the Group, this provides appropriate comfort as to the operational and financial controls in place.

Shareholder relations

The Group has a website, www.trifast.com, which is regularly updated to ensure that shareholders and other providers of capital are fully aware of the Group's activities. The Group's Registrar, Computershare, is linked to the *Trifast* website and offers services for shareholders.

The Group also works with City specialists to ensure all levels of shareholders receive *Trifast* information.

During the year being reported upon we engaged with:

Peel Hunt LLP — Stockbroker to the Company, Institutional Fund Managers

TooleyStreet Communications — Investor Relations Analysts, Private Client Brokers and Media

Edison Investment Research — Investment Research, available on the *Trifast* website

The members of the Audit, Remuneration and Nominations Committees will be available to speak to shareholders at the AGM in order that they understand the views of the shareholders. In addition, shareholders can contact them at any time by writing to Trifast plc, Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Going concern

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

By order of the Board

Lyndsey Case
Company Secretary
Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Audit Committee report

Neil Warner | Chairman of the Audit Committee

Jonathan Shearman | Independent Non-Executive Director

Scott Mac Meekin | Independent Non-Executive Director

I joined the Board on 16 June 2015 as Senior Independent Director and Chair of the Audit Committee. It has been a busy year for the business and its people and I look forward to the year ahead.

I am pleased to present the Audit Committee Report for the year ended 31 March 2016, which has been prepared by the Committee and approved by the Board.

The Committee has focused on the integrity, completeness and clarity of financial reporting, the areas where judgements and estimates are required in the financial statements and the quality and effectiveness of audit processes to complement the other risk management activities.

The Board and Committee have also focused on the recently introduced governance requirements regarding the Annual Report and consider that, taken as a whole, the 2016 Annual Report is fair, balanced and understandable with appropriate references being made throughout the various sections to assist shareholders and others to understand the information and disclosures contained within them.

I would like to thank the Committee members, the executive management team and our external auditor, KPMG LLP ('KPMG') for the open discussions that take place at our meetings and the importance they all attach to its work.

Committee membership and attendance

The Audit Committee consists entirely of the Independent Non-Executive Directors and met three times in the year.

	Attendance in 2015/2016
Neil Warner (Chairman) — appointed 16 June 2015	2
Jonathan Shearman	3
Scott Mac Meekin	3
Neil Chapman (Chairman) — retired 16 June 2015	1

"Our Audit Committee is focused on ensuring the integrity of the Group's financial reporting and the effectiveness of our risk management processes and internal controls"

The external auditor KPMG, the Executive Chairman, the Chief Executive, the Chief Financial Officer and the Company Secretary are also invited to attend meetings.

The Committee is considered to be adequately qualified. The Chairman, Neil Warner, has significant, recent and relevant financial experience as a former CFO of a FTSE 250 company and through his other Non-Executive appointments.

Responsibilities

The Committee operates within its terms of reference, which are reviewed on an annual basis and are available on the Company's website or on request to the Company Secretary.

The Committee's main responsibilities are:

- to assist the Board in ensuring the integrity of its financial statements
- to review the strategic report, financial results, announcements and financial statements, monitoring compliance with relevant regulations
- to provide advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable
- to review the appropriateness of accounting policies and the supporting key judgements and estimates
- to monitor and review the internal financial controls and risk management systems including the identification of principal risks and their mitigation and the requirement for a formal internal audit function
- to review the procedures for detecting, monitoring and managing the risk of fraud
- to make recommendations to the Board on the appointment and remuneration of the external auditor
- to review and monitor the external auditor's performance, expertise, independence and objectivity along with the effectiveness of the audit process and its scope

Key matters considered and activities during the year

During the year, the Committee met to agree the audit strategy for the full year audit, reviewed the results of the external audit for the financial year and reviewed the external auditor's half year review and the half year results. It also considered the results of the internal review process ('Health Checks') carried out as part of the cycle (more details of this process are given in the section 'Internal Audit' below), and finally it reviewed the Annual Report and the financial statements contained within it.

The Committee reports to the Board on how it has discharged its responsibilities on a regular basis.

The Committee's prime areas of focus have been:

- the integrity, completeness and consistency of financial reporting and disclosures
- the areas where significant judgements (during the year, at and post the balance sheet date) and estimates are required in the financial statements
- the materiality level to apply to the audit
- whether the going concern basis of accounting should continue to apply in the preparation of the annual financial statements; and
- the appropriateness of the bases of disclosure in the company's viability statement
- the appropriateness of transactions separately identified and disclosed as one-off in order to highlight the underlying performance for the periods presented in the financial statements
- the key assumptions, judgements and estimates as detailed in note 32 to the financial statements
- to review the Group's cyber risk strategy to ensure controls and testing are in place to mitigate the Group's exposure to this growing risk

Financial reporting and significant financial risks

The Committee concluded that there were three significant financial risks arising from the financial statements which would require particular consideration during the year:

- **Carrying amount of inventory (recurring)**
  The Group has significant inventory holdings which fall into two broad categories — standard product ranges and those holdings which are customer specific. The Board recognises that as the business continues to grow the Group is required to carry additional inventory to meet its transactional and OEM business. This carries with it an increased exposure to obsolete inventory. The Committee is satisfied that sufficient focus is given to this whole area and, in particular, the adequacy of provisions made for slow moving and obsolete inventory.

- **Recoverability of goodwill (recurring)**
  The determination of whether or not goodwill has been impaired requires a review of the value in use of the asset. The main judgements in relation to the review were considered to be the achievability of the long term business plan and the impact upon the plan of macroeconomic and regulatory issues. In addition, the Committee reviewed the discount rates used in projecting future cash flows to ensure they were within an acceptable range. The calculation of the value in use was undertaken and the Committee reviewed the conclusion, including sensitivity calculations. The Committee also held discussions with KPMG. The Committee concurred with management's conclusion that goodwill is not impaired.

- **Acquisition accounting for Kuhlmann (in the year)**
  The determination of the value of intangible assets acquired as part of a business combination requires a cost, market or income approach to be taken. The intangible assets identified on the acquisition of Kuhlmann Befestigungselemente GmbH & Co.KG ('Kuhlmann') have been valued by external valuer Globalview Advisors using the income methodology. The main assumptions used to establish value were profitability, growth, discount and tax rates. The Committee reviewed the conclusions reached and held discussions with management and KPMG. The Committee concurred with management's conclusion that the intangible assets are appropriately valued.

Audit Committee report

(continued)

Internal audit

A formalised internal review process called a 'Health Check' has been in operation for some years and all business units are the subject of a Health Check on a rotational basis. The reviews, covering both operational and financial controls, are carried out by senior finance personnel who are independent from the entity which is the subject of the review. All Health Checks are presented by the Chief Financial Officer to the Audit Committee and remedial actions agreed. Whilst the Board recognises that this process does not constitute a fully independent internal audit function, it believes that due to the size of the Group, this provides appropriate comfort as to the operational and financial controls in place.

Internal control

The Board is ultimately responsible for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Corporate Governance Code requires that the Board reviews the effectiveness of the system of internal controls, in accordance with section C.2, including those of an operational and compliance nature, as well as internal financial controls. Having done so, the Committee is of the view that there is an appropriate ongoing process for identifying, evaluating and managing significant risks. Operating policies and controls are in place and have been in place throughout the year under review, and cover a wide range of issues including financial reporting, capital expenditure, information technology, business continuity and management of employees. Detailed policies ensure the accuracy and reliability of financial reporting and the preparation of Financial Statements including the consolidation process.

The key elements of the Group's ongoing processes are:

- a full detailed review of the business risks undertaken as part of the ongoing day-to-day procedure of the business
- an organisational structure with clearly defined lines of responsibility and delegation of authority
- that Group policies for financial reporting, accounting, financial risk management, information security, capital expenditure appraisal and Corporate Governance are well documented
- that detailed annual budgets and rolling forecasts are prepared for all operating units and reviewed and approved by the Board
- that performance is monitored closely against budget and material variances reported to the Board
- that the Committee is to deal with any significant control issues raised by the auditor
- that a formal schedule of matters specifically reserved for decisions by the Board is maintained
- that capital expenditure is controlled by the budgetary process with authorisation levels in place. Any single item of capital expenditure over £50,000 goes to the Board for approval with detailed written proposals and financial analysis of expected returns

There were no significant control deficiencies identified during the year.

External auditor

The external audit is a continuous process. At the start of the audit cycle, KPMG present their audit strategy identifying their assessment of the key risks for the purposes of the audit and the scope of their work. For 2016 these risks were: the carrying amount of inventory, recoverability of goodwill and the acquisition accounting for Kuhlmann. More detail is set out in KPMG's report on pages 26 to 28.

KPMG reports to the Committee at both the half and full year, setting out their assessment of the Group's judgements and estimates in respect of these risks and the adequacy of the reporting. The Chairman of the Committee speaks to the lead audit partner before each meeting and the whole Committee meets with KPMG in private at least once a year without executive management present. The Committee reviews the external auditor's performance and ongoing independence and concluded that the external audit process is operating effectively and KPMG continues to prove effective in its role as external auditor.

Non-audit services provided by KPMG

In order to ensure the independence and objectivity of the external auditor, the Committee has a policy which provides clear definitions of services that the external auditor can and cannot provide. Tax compliance and advisory services are currently provided by another professional services firm PricewaterhouseCoopers LLP ('PwC'). The policy also establishes a formal authorisation process, including either the tendering for non-audit services or pre-approval by the Committee for allowable non-audit work.

The fees in relation to non-audit services are found in note 5 of the Annual Report.

Reappointment of external auditor

Following the completion of the audit, the Committee reviews the effectiveness and performance of KPMG with feedback from Committee members, senior executive management and finance personnel, covering overall quality, independence and objectivity, business understanding, technical knowledge, responsiveness and cost effectiveness.

The Committee acknowledges the new EU rules with regard to auditor rotation and the requirement for companies to put audit services contracts out to tender at least every ten years (outside of transitional rules). KPMG has been our auditor for over 20 years. The current lead audit partner at KPMG was appointed in September 2015 and will be required to stand down no later than the Annual General Meeting in 2020. Accordingly, and in line with the arrangements set out by the EU, the Committee continues to recommend to the Board that the tendering of the external contract should be either at the next rotation of audit lead partner or earlier, if appropriate circumstances arise. There are no contractual obligations which restrict the Audit Committee's choice of external auditor. The Committee and the Board have concluded that KPMG provides an effective audit and have recommended their reappointment at the 2016 AGM.

On behalf of the Audit Committee

Neil Warner
Chairman of the Audit Committee
13 June 2016

Nominations Committee report

Malcolm Diamond MBE | Chairman of the Nominations Committee

Neil Warner |
Senior Independent
Non-Executive Director

Jonathan Shearman |
Independent
Non-Executive Director

Mark Belton |
Executive Director

Role

The Committee keeps under review and regularly evaluates the composition of the Board and its Committees in order that they retain and reflect the appropriate balance of skills, knowledge, experience and independence to ensure their continued effectiveness.

Appropriate succession plans for the Non-Executive Directors, the Executive Directors and the Group's Senior Management are also kept under review.

The Nominations Committee's terms of reference are available on request to the Company Secretary.

Committee membership and attendance

The Nominations Committee consists of two Independent Non-Executive Directors, including the Senior Independent Non-Executive Director, the Executive Chairman and the CEO.

Boardroom diversity

Appointing the best people to the Board is critical to the success of the Company. The Committee has therefore concluded that while diversity, including gender diversity, is important when reviewing the composition of the Board and possible new appointees, the single most important factor is to identify and recruit / develop people based on skills, leadership and merit. Given our commitment to appointing the best people and making sure that all employees have an equal chance of developing their careers with the Group, the Committee does not think it is appropriate to set targets for Board appointments.

	Attendance in 2015/2016
Malcolm Diamond (Chairman)	2
Neil Warner - appointed 16 June 2015	1
Jonathan Shearman	2
Mark Belton — appointed 1 October 2015	-
Jim Barker — retired 30 September 2015	2
Neil Chapman (Chairman) — retired 16 June 2015	1

"The Nominations Committee's key focus is to evaluate and examine the skills and characteristics that are needed in Board members to ensure the leadership team has the right balance of skills to deliver its progressive strategy for the benefit of all stakeholders"

Nominations Committee report

(continued)

Succession planning

The Nominations Committee has always had a robust plan to ensure that the Company's successful culture, business model and growth strategy firmly established by the Senior Executive Board and the Senior Management team can be sustained well into the future.

It is clearly evidenced that management development throughout the Group has prospered on the basis of promotion from within. We were delighted that Mark Belton, who has been with the Company for 17 years and CFO for five, and has also played a pivotal role in our successful acquisition activity to date, accepted the promotion to the role of CEO on 1 October 2015 following Jim Barker's retirement on 30 September 2015 (Jim remains a consultant until 30 June 2016).

At the same time, following a 16-year career within one of the top firms of accountants, Clare Foster joined the Group as Group Financial Controller at the start of 2015 and succeeded Mark as CFO and joined the Main Board. On 1 April 2016, Lyndsey Case, our Group Corporate Accountant with 16 years experience in the business took up the role of Company Secretary. These appointments are well deserved to people we acknowledge have the drive, skill sets and experience we look for in our mandate.

In summary, the leadership team has the right experience, knowledge and determination to positively lead and take *Trifast* to the next stage of its growth aspirations.

Directors' remuneration report

Jonathan Shearman | Chairman of the Remuneration Committee

Neil Warner |
Senior Independent
Non-Executive Director

Scott Mac Meekin |
Independent
Non-Executive Director

"The remuneration policy at *Trifast* seeks to attract, incentivise and retain those team members who are critical to executing our business strategy"

Dear Shareholder

Introduction

As Chairman of the *Trifast* Remuneration Committee (the 'Committee'), I am pleased to introduce our Remuneration report for 2016, which has been prepared by the Committee in accordance with the relevant legal and accounting regulations and approved by the Board.

The remuneration policy at *Trifast* seeks to attract, incentivise and retain those team members who are critical to executing our business strategy. Within this, any structure will aim to deliver a fitting mix of:

- fixed and variable compensation
- cash and equity components

The Committee appreciates the importance of ensuring that strong year-on-year corporate performance is rewarded whilst aligning the interests of executives and shareholders over the longer term.

Looking back

Considering the financial performance of the Group, this has been a good year. Underlying diluted EPS increased by 15.1% and ROCE remained healthy at 18.5%. Considering strategic issues, it was another significant year which saw Jim Barker retire from the position of Chief Executive Officer and the completion of another acquisition which supports value creation for shareholders. The details with regard to Jim's remuneration during the year can be found on page 18 of the Remuneration Report. In accordance with the Rules of the deferred equity scheme, Jim was deemed to be a good leaver and given his service and commitment to the Company the Committee exercised its discretion to allow early vesting of previously deferred shares.

When considering the bonus targets for the year to 31 March 2016, the Committee was conscious of making them challenging yet achievable. As a result, threshold growth was, in line with policy, set at RPI + 5% (after adjusting for a full year contribution from VIC), whilst, to attain maximum pay-out, the Group would have needed to show year-on-year EPS growth of 23%.

Against this bonus structure, taking into account the ROCE hurdle (group WACC +2%) and given the EPS outlined above, the Committee assessed that performance in the year to 31 March 2016 justified an annual bonus of 150% being 75% of the maximum bonus potential. This is for each Executive Director and made up of a 50% cash bonus and a 100% equity award, the latter being deferred for three years. The Committee was satisfied with personal performance against pre-determined individual objectives and that there was no requirement to apply a reduction to the formulaic corporate bonus outturn.

Directors' remuneration report

(continued)

Remuneration policy

The current remuneration policy was approved by the majority of shareholders at the last AGM on 16 September 2015 and we again sought to engage with shareholders who cast a meaningful number of votes against its adoption.

It has been important to the Group that stability and momentum be maintained during a time of management transition and the Committee has remained mindful of that in considering its approach. Whilst the current policy has served the Group well, the Committee believes that it will be appropriate to formulate a new policy in the short term, particularly the aspects that consider longer term remuneration. Consideration of a suitable policy has commenced and shareholders will be consulted before the end of this financial year.

Looking ahead

The Group remains committed to continued growth in earnings from both organic performance and acquisitions. For the most part, the Executive team and NEDs have again chosen to freeze their salaries in the coming year. In the case of Glenda Roberts and Geoff Budd, salaries have been increased, by 11% and 5% respectively, in line with the policy and to reflect increased responsibilities. Further details of these changes may be found on page 23.

With regard to the bonus scheme for the year to 31 March 2017, threshold performance will be set in accordance with the current Remuneration Policy. For maximum bonuses to be paid, Group EPS will once again need to demonstrate significant year-on-year growth. Whilst the actual level of EPS required is deemed commercially sensitive in the year in which it applies, we will, as in previous years, make it available in next year's accounts.

The following page contains a summary of the Remuneration Policy a full copy of which can be found via the Company website. The pages thereafter, contain the Remuneration Report which shows in greater detail how we have applied the current policy during the year under review.

In concluding, we have an excellent management team and it is appropriate that they feel motivated and rewarded. We believe that our approach enables this and so look forward to your support in approving the relevant resolution at July's AGM.

	Attendance in 2015/2016
Jonathan Shearman (Chairman)	3
Neil Warner — appointed 16 June 2015	2
Scott Mac Meekin	3
Neil Chapman — retired 16 June 2015	1

Jonathan Shearman
Chairman of the Remuneration Committee
13 June 2016

Directors' remuneration policy

This section of the Remuneration report contains details of the policy that will govern current remuneration. It has been developed to support the business strategy and was initially approved by shareholders on 18 September 2014 and subsequently re-approved on 16 September 2015.

1) Policy tables — Executives

Element	Executive team
Base salary from 1 April 2016	Range of £180,000 to £250,000 in line with benchmarking and prevailing industry
Pension*	20% of salary
Annual bonus — cash	Maximum — 100% On target — 50% Threshold — 35%
Annual bonus measure — cash	ROCE hurdle of 200bps in excess of the Group's WACC Thereafter, based on underlying diluted EPS performance Reduction of up to 15% should personal objectives not be achieved
Annual bonus — deferred equity	Maximum — 100% On target — 100% Threshold — 70%
Annual bonus measure — deferred equity	ROCE hurdle of 200bps in excess of the Group's WACC Thereafter, based on EPS performance Reduction of up to 15% should personal objectives not be achieved Any shares awarded are deferred for three years
Shareholding requirement	Minimum holding of 250,000 shares†
Malus and clawback	The Committee would consider clawback of the equity portion should EPS growth on a rolling three-year basis turn negative
Changes in policy	None

* Malcolm Diamond does not participate in the Company pension plan. From 1 April 2016, the remaining Executives have the option to take pension payments in the form of a cash allowance, adjusted for Employer's National Insurance.
† by 31 March 2019.

2) Contracts

During the year all Executive Directors had rolling service contacts with a notice period of 12 months. Non-Executive Director contracts have a three month notice period except in the event of a change of control, when a 12 month notice period would apply.

Directors' remuneration report

(continued)

Annual report on remuneration — audited information

This section of the Remuneration report contains details as to how the Company's remuneration policy was implemented during the year ended 31 March 2016.

1) Executive Director single figure for remuneration

		Annual bonus[4]				
	Salary £000	Cash £000	Deferred equity (face value) £000	Taxable benefits[1] £000	Pensions[2] £000	Total £000
MM Diamond	200	**100**	**200**	**21**	**—**	**521**
Prior year	200	200	200	19	0	619
JC Barker (retired 30 September 2015)	**125**	**62**	**125**	**9**	**—**	**321**
Prior year	250	250	250	16	0	766
MR Belton[3]	**225**	**113**	**225**	**14**	**45**	**622**
Prior year	200	200	200	13	40	653
CL Foster (appointed 1 October 2015)	**100**	**50**	**100**	**7**	**20**	**277**
Prior year	—	—	—	—	—	—
GP Budd	**190**	**95**	**190**	**16**	**38**	**529**
Prior year	190	190	190	15	38	623
GC Roberts	**180**	**90**	**180**	**18**	**36**	**504**
Prior year	180	180	180	16	36	592
Totals	**1,020**	**510**	**1,020**	**85**	**139**	**2,774**
Prior year totals	1,020	1,020	1,020	79	114	3,253

1. Taxable benefits consisted of the cost of providing a Company car (or car allowance), private medical insurance and critical illness cover
2. Mark Belton, Clare Foster, Geoff Budd and Glenda Roberts are members of the Company's non-contributory pension plan (2015: Mark Belton, Geoff Budd and Glenda Roberts) This is an HMRC approved defined contribution scheme. The rate of Company contribution to this scheme is 20% of base salary
3. All figures for Mark Belton reflect his position as Group FD during the first half of the financial year and Group CEO thereafter
4. See additional details for variable pay element of remuneration below

Additional details for variable pay element of remuneration: annual bonus

A portion of the annual bonus for the year ended 31 March 2016 will be paid in cash following the publication of the annual results and the remainder deferred in equity for three years. In accordance with the Directors' Remuneration Policy, all five remaining Executive Directors have been awarded a cash bonus and deferred equity bonus as a percentage of base salary of 50% and 100% respectively (2015: 100% and 100%). This is equivalent to 75% of the maximum annual bonus opportunity. In addition, JC Barker has been awarded a bonus pro rata to the percentage of the year for which he was a Director.

The performance targets, actual performance achievement and resulting annual bonus as a percentage of the base salaries of the Executive Directors are summarised below for the year to 31 March 2016:

Performance measure	Weighting	Threshold performance target	Maximum performance target*	Actual EPS	Bonus achieved^ Cash	Bonus achieved^ Deferred
Group EPS†	100%	9.4p incorporating a bonus of 105% of salary (35% cash; 70% deferred equity)	10.7p incorporating a bonus of 200% of salary (100% cash; 100% deferred equity)	10.0p	50%	100%

* On target performance is deemed commercially sensitive and therefore not stated. Maximum performance EPS is stated after the deduction of any incremental bonus payments

^ As percentage of salary

† Underlying diluted EPS

In the year under review, both the ROCE hurdle and all personal objectives were achieved.

The number of shares needed to award the face value of the deferred equity bonus is based on the average share price from 1 January to 31 March. In 2016 this was 868,186 shares and 117p (2015: 980,390 and 104p).

2) Non-Executive Director single figure for remuneration

	Core fee £000	Chairing of Audit or Rem Committee £000	Committee membership £000	Senior Independent Director £000	Total £000
NW Warner — appointed 16 June 2016	**32**	**4**	**4**	**4**	**44**
Prior year	—	—	—	—	—
JPD Shearman	**40**	**5**	**5**	**—**	**50**
Prior year	40	5	5	—	50
SW Mac Meekin	**40**	**—**	**5**	**—**	**45**
Prior year	40	—	5	—	45
NS Chapman — retired 16 June 2016	**19**	**2**	**2**	**2**	**25**
Prior year	40	5	5	5	55
Totals	**131**	**11**	**16**	**6**	**164**
Prior year totals	120	10	15	5	150

3) Payments to past Directors and for loss of office

a. Payments have and will be made from 1 October 2015 until 30 June 2016 to JC Barker following his retirement from the position of Group CEO. These salary and benefit amounts have not been included in table 1 as they relate to consultancy services provided to the Group since his retirement from the Board. All of these were in line with the Group's contractual obligations and its Remuneration Policy. In addition, a pro rata bonus of £62,000 has been awarded for the year to 31 March 2016 in relation to his qualifying services as a Director up until retirement, as set out in the single figure of remuneration table on page 18.

b. Furthermore, given his position as a good leaver, the Committee has used its discretion with regard to timing, such that the deferred equity awards for years ended 31 March 2014 of 277,778 shares (value at 31 March 2016 price; £353,000), 2015 of 240,292 shares (value at 31 March 2016 price; £305,000)) and 2016 of 106,395 shares (value at 31 March 2016 price; £135,000) vested, subject to a two-year clawback period, on 30 June 2016 (2015: nil).

c. Included in the table above is a £14,000 payment in lieu of notice for Neil Chapman following his retirement on 16 June 2015.

Directors' remuneration report

(continued)

4) Statement of Directors' shareholdings

	Shareholding requirement[1]	Current beneficial holding[2]	Vested but unexercised options[3]	Deferred shares without performance measures	Current shares which count toward shareholding requirements[4]	Unvested SAYE options	Total of all interests at 31 March 2016	Shareholding requirement met?
Executive Directors								
Malcolm Diamond	250,000	553,800	1,000,000	597,034	2,150,834	26,571	**2,177,405**	Yes
Jim Barker[5]	—	573,229	1,000,000	624,465	2,197,694	—	**2,197,694**	N/A
Mark Belton	250,000	250,000	—	593,622	843,622	18,000	**861,622**	Yes
Clare Foster[6]	250,000	—	—	85,116	85,116	—	**85,116**	No
Geoff Budd	250,000	307,264	—	548,047	855,311	—	**855,311**	Yes
Glenda Roberts	250,000	150,000	—	499,059	649,059	17,571	**666,630**	Yes
Non-Executive Directors								
Neil Warner[7]	—	22,750	—	—	22,750	—	**22,750**	N/A
Jonathan Shearman	—	—	—	—	—	—	**—**	N/A
Scott Mac Meekin	—	—	—	—	—	—	**—**	N/A
Neil Chapman[8]	—	—	—	—	—	—	**—**	N/A

1 by 31 March 2019
2 Including options exercised in the year
3 Granted 30 September 2009
4 Total of current beneficial holding, vested but unexercised options and deferred equity awards
5 Retired 30 September 2015
6 Appointed 1 October 2015
7 Appointed 16 June 2015
8 Retired 16 June 2015

Deferred equity bonus shares:

	2014		2015		**2016**		**Total**	
Name	Number of shares	Face value	Number of shares	Face value	**Number of shares**	**Face value**	**Number of shares**	**Face value**
Malcolm Diamond	234,568	190,000	192,233	200,000	**170,233**	**200,000**	**597,034**	**590,000**
Jim Barker (retired 30 September 2015)	277,778	225,000	240,292	250,000	**106,395**	**125,000**	**624,465**	**600,000**
Mark Belton	209,877	170,000	192,233	200,000	**191,512**	**225,000**	**593,622**	**595,000**
Clare Foster (appointed 1 October 2015)	—	—	—	—	**85,116**	**100,000**	**85,116**	**100,000**
Geoff Budd	203,704	165,000	182,622	190,000	**161,721**	**190,000**	**548,047**	**545,000**
Glenda Roberts	172,840	140,000	173,010	180,000	**153,209**	**180,000**	**499,059**	**500,000**

* Outside of the malus and clawback noted in policy table 1, the deferred equity bonus shares have no further performance measures once awarded. A service condition of three years, with a good leaver clause applies.

Historic long term incentive awards

The options that were agreed with shareholders and granted on the change of management in 2009, requiring a three month average share price greater than 51p, combined with a ROCE in excess of 10%, vested during the year ended 31 March 2013. 2,000,000 of the options granted to the Board remain outstanding at 31 March 2016 (2015: 2,000,000).

2009 share options:

Name	Outstanding at 1 April 2015	Options exercised^	**Outstanding at 31 March 2016**
Executive Directors			
Malcolm Diamond	1,000,000	—	**1,000,000**
Jim Barker — retired 30 September 2015	1,000,000	—	**1,000,000**

^ Excluding SAYE plans (see previous table).

No other Executive or Non-Executive Directors have outstanding options under the 2009 share option scheme.

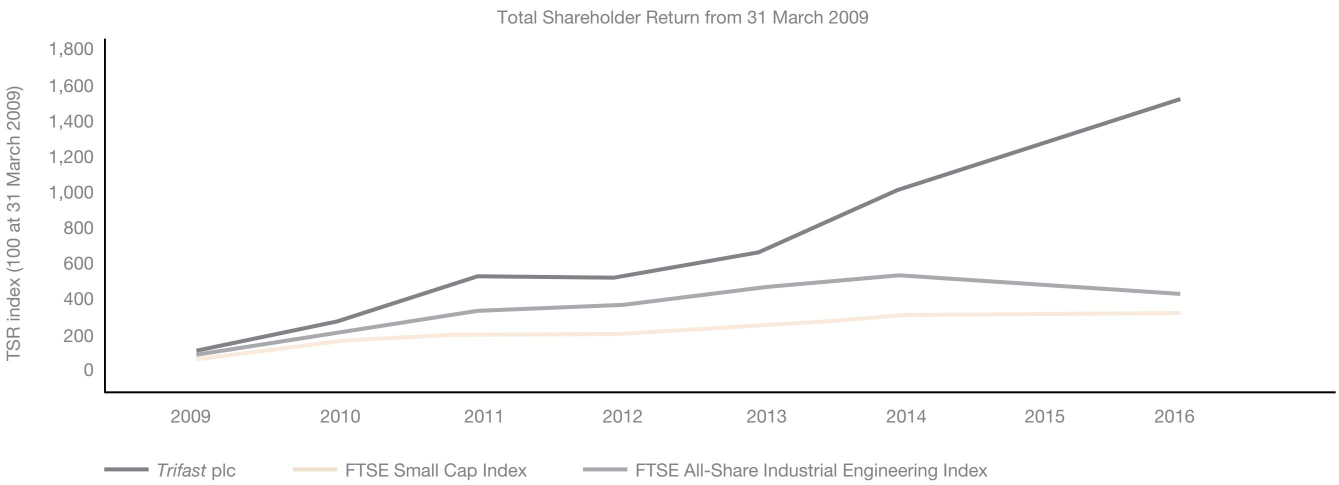
The aggregate gains made on exercising share options in the year totalled £nil (2015: £3,697,000).

There have been no changes in the interests of any Directors between 31 March 2016 and 14 June 2016.

Annual report on remuneration — Unaudited information

The graph below sets out the Total Shareholder Return performance of the Company compared to the FTSE Small Cap Index and FTSE All-Share Industrial Engineering Index over a seven year period from 31 March 2009. The Remuneration Committee believes it is appropriate to monitor the Company's performance against these indices as the Company is a constituent of both.

5) Performance graph



Directors' remuneration report

(continued)

6) Performance and pay

The table below shows the single figure remuneration and levels of bonus payout for the Group CEO during the past seven years:

Year	Total Remuneration £000	Annual cash bonus payout against maximum	Equity award payout against maximum
2016	641†	50%	100%
2015	766	100%	100%
2014	643	80%	100%
2013	1,263	30%	100%*
2012	327	35%	N/A*
2011	265	45%	N/A*
2010	176	N/A*	N/A*

* This was a year considered as part of the performance period for the 2009 option scheme.

† Includes a full year of CEO remuneration; including remuneration paid to JC Barker for 1 April 2015 to 30 September 2015 and remuneration for MR Belton from 1 October 2015 to 31 March 2016.

7) Percentage change in CEO remuneration

The table below compares the percentage increase in the CEO's total pay (excluding pension) with that of the UK division which is the most appropriate allowing a consistent tax regime and inflationary environment. In both cases, salaries are reviewed annually in April:

		2016 £000	2015 £000	Change
Group CEO	Salary	250	250	-
Jim Barker / Mark Belton*	Taxable benefits	16	16	-
	Annual bonus — cash	125	250	(50.0%)
	Annual bonus — deferred	250	250	-
UK employees	Salary	10,036	9,562	5.0%
	Taxable benefits	362	331	9.4%
	Annual bonus	918	899	2.1%

* Jim Barker 1 April 2015 to 30 September 2015 Mark Belton 1 October 2015 to 31 March 2016

8) Relative importance of spend on pay

The following table shows the relative spend on pay during the past two financial years when compared to other disbursements from profit:

	Disbursements from profit during year to 31 March 2016	Disbursements from profit during year to 31 March 2015	Change
Dividend distributions	£2.44m	£1.57m	55.4%
Group spend on pay (including Directors)	£23.74m	£22.05m	7.7%
Other payroll costs	£7.78m	£7.60m	2.4%

9) Implementation of policy in the coming year

The remuneration policy's implementation for the forthcoming year is summarised as follows:

Element	Policy
Structure	The main elements of Executive remuneration are: • Base salaries as follows: Malcolm Diamond (Executive Chairman) — £200,000 Mark Belton (Chief Executive Officer) — £250,000 Clare Foster (Chief Financial Officer) — £200,000 Increased to reflect additional responsibilities Geoff Budd (*TR* Europe Managing Director) — £200,000 Glenda Roberts (Group Sales Director) — £200,000 • Annual bonus scheme where maximum opportunity is 200% of base salary (100% cash; 100% equity deferred for three years) for each of the Executive Directors based on: Initial ROCE hurdle of WACC +2% (to be met before any bonus will be payable) Threshold of underlying diluted EPS growth of RPI + 5% (required as the minimum performance for any bonus to be paid) Any bonus awarded will be reduced by up to 15% should personal objectives, set so as to support the ongoing business strategy, not be achieved. Given their nature, objectives are commercially sensitive for both the year in question and subsequent years. • Non-Executive Directors fees Neil Warner — £55,000 Jonathan Shearman — £50,000 Scott Mac Meekin — £45,000
Pay for performance	The key principle for incentives is to provide a strong link between reward and Group performance to align the interests of Executives with those of shareholders.

10) Functioning of Remuneration Committee

The objective of the Remuneration Committee is to develop a remuneration policy for the Executive Directors and other key Executives that attracts, incentivises and retains them. Within this, the Committee has and will attempt to reward exceptional performance, defined as significant growth in EPS. This policy is reviewed on an annual basis.

The Committee is composed entirely of Non-Executive Directors. Members have no day-to-day involvement in the running of the business. 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 this publication.

The Committee had three meetings during the year. All members of the Committee attended each of these meetings. On most occasions, the Executive Chairman and CEO were both invited to attend to ensure the Committee was in possession of all the relevant facts. During these meetings the Committee initially confirmed the remuneration structure for the year to 31 March 2015 and then considered any appropriate changes for the year to 31 March 2016 and beyond, including reflecting on shareholder feedback.

During the year the committee received independent advice from PwC in relation to the remuneration structure, governance issues and other matters considered by the Committee in the year. The fees paid by the Company to PwC for services to the Committee during the financial year was £0.02m. The Group also retains PwC with regard to taxation services and consulting services in the ordinary course of business of *Trifast*. The Committee believes that this does not create a conflict of interest and the advice they receive is independent and objective. PwC is a signatory to the Remuneration Consultants' Code of Conduct which requires its advice to be objective and impartial.

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.

Directors' remuneration report

(continued)

11) Statement of AGM voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for any such vote will be sought and any actions in response detailed in the Chairman's letter.

The table below shows the actual voting on the 2015 Remuneration Report at the AGM held on 16 September 2015:

	Votes for	%	Votes against	%	Votes withheld
2015 Remuneration report	**67,486,360**	**98.0**	**355,460**	**0.5**	**68,825,391**

The following table sets out actual voting in respect of the approval of the 2015 remuneration policy at the AGM held on 16 September 2015:

	Votes for	%	Votes against	%	Votes withheld
2015 Remuneration policy	53,708,028	78.0	13,288,674	19.3	68,825,391

This report was approved by the Board of Directors and signed on its behalf by:

Jonathan Shearman
Chairman of the Remuneration Committee
13 June 2016

Statement of Directors' responsibilities

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 Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings 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 issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

On behalf of the Board

Clare Foster
Chief Financial Officer
13 June 2016

Independent auditor's report to the members of *Trifast* plc only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of *Trifast* plc for the year ended 31 March 2016 set out on pages 29 to 68. 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 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- 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.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit in decreasing order of audit significance, were as follows (acquisition accounting for Kuhmann is a new risk in the year):

Carrying amount of inventory £39.4m (2015: £37.4m)

Risk level unchanged from 2015

Refer to page 11 (Audit Committee Report), page 38 (accounting policy) and page 51 (financial disclosures).

The risk — There is a risk over the recoverability of inventory due to changes in levels of demand and stock holdings. A significant proportion of the group's inventory is manufactured to meet specific customer requirements. There is a risk over the recoverability of these balances if a customer experiences financial stress or there is a demand issue with a customer's product that includes a part manufactured by *Trifast*. Our audit focused on this customer-specific inventory.

Our response — In relation to customer-specific inventory, our procedures included the following:

- we analysed customer-specific inventory balances by age and challenged the group's assumptions of the expected usage based on our knowledge and experience of the industry in which the group operates; and
- we assessed whether old and slow moving inventory is provided against in accordance with the group accounting policy, and we considered the reasonableness of the provision policy through historic trend analysis; and
- we inspected a sample of service level agreements to compare customers' minimum purchase commitments to year-end inventory levels and considered any residual risk of recoverability if the agreements were to be terminated; and
- we analysed gross profit margins by site to identify any inventory which was sold at low or negative margins pre-year end to give an indication of any items in the year-end balance that might be impaired; and
- we considered the adequacy of the group's disclosures about the degree of estimation involved in arriving at the inventory provision.

Recoverability of goodwill £27.4m (2015: £24.8m)

Risk level unchanged from 2015

Refer to page 11 (Audit Committee Report), page 37 (accounting policy) and pages 47 to 49 (financial disclosures).

The risk — Volatility in certain markets has meant that recoverability of the group's goodwill presented a risk. Although overall the year has started to see an improved demand, certain entities have seen a decrease. As such we considered this still to be a potentially significant risk. In addition, as assessment of recoverability was dependent on inherently uncertain forecasting, it was a key judgemental area that our audit concentrated on.

Our response — In this area our audit procedures included:

- we tested the group's budgeting procedures upon which the forecasts are based and the principles and integrity of the group's discounted cash flow model;
- we compared the group's assumptions to externally derived data as well as our own assessments based on our knowledge of the client and experience of the industry in which it operates. Specifically we compared their assumptions with industry norms and external data sources in relation to key inputs such as projected economic growth, profitability and discount rates;
- we performed sensitivity analyses for these key inputs and assumptions, and identified whether any cash generating units were particularly sensitive to impairment; and
- we assessed whether the group's disclosures related to the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of intangible assets and goodwill.

Acquisition accounting for Kuhlmann

New event driven risk

Refer to page 11 (Audit Committee Report), page 37 (accounting policy) and pages 65 to 66 (financial disclosures).

The risk — During the year the group acquired Kuhlmann for a total consideration of €8.5 million (£6.2 million). There is inherent uncertainty in assessing fair value of the assets and liabilities acquired, therefore this requires a high level of judgement. In particular, we considered the valuation of intangible assets, including the identification of all relevant contracts and consideration of other possible assets that could meet the definition of intangible assets for recognition under applicable accounting standards. Intangible assets with definite useful lives will also impact future financial statements through amortisation.

Our response – Our audit procedures in relation to the acquisition of Kuhlmann included:

- we used our own valuation specialists to support us in challenging the valuations produced by the group.
- we used our own valuation specialists to support us critically challenging the methodology used to identify both, the assets and liabilities acquired and we used externally derived data to examine the key assumptions and methodologies in determining their fair values.
- In particular, we assessed the completeness of the intangibles identified by considering the underlying current and prospective revenue streams in Kuhlmann;
- for the valuation of intangibles, we corroborated the assumptions provided by the Group by comparing these assumptions to market data, our past experience of similar transactions, and, where available, supporting external documentation;
- we considered the appropriateness of the presentation, including the description, of the recognised fair values compared to the provisional amounts disclosed in the Half-year report for the six months ended 30 September 2015; and
- we have considered the adequacy of the disclosure of the acquisition in the accounts.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £0.7 million, determined with reference to a benchmark of group profit before tax, normalised to exclude this year's accelerated share based payment and acquisition costs, of £14.2 million, of which it represents 5%, reflecting industry consensus levels (2015: £0.8 million, determined with reference to a benchmark of group profit before tax, of which it represents 7%).

We report to the audit committee any corrected or uncorrected misstatements exceeding £35,000 (2015: £40,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 21 (2015: 20) reporting components, we subjected 12 (2015: 10) to audits for group reporting purposes which were performed by component auditors and the group audit team including UK, Germany, Italy, Singapore, Taiwan, Malaysia, Shanghai, Sweden and Holland. We conducted reviews of financial information (including enquiry) at a further 6 non-significant components. These components were not individually significant enough to require an audit for group reporting purposes but a review was performed due to the size and risk profile of these components. The group audit team approved the component materialities, which ranged from £77,000 to £650,000 (2015: £48,000 to £830,000) having regard for the size and risk profile of the group across the components. The work on 8 of the 18 components (2015: 7 of the 17 components) was performed by component auditors and the rest by the Group team. The group team performed procedures on the items excluded from normalised group profit before tax.

The components within the scope of our work accounted for the following percentages of the group's results:

	Number of components	Group revenue	Group profit before tax	Group total assets
Audits for group reporting purposes	12	90%	78%	83%
Reviews of financial information (including enquiry)	6	9%	14%	14%
Total	18	99%	92%	97%
Total 2015	17	90%	87%	93%

For the remaining 3 components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The group audit team held telephone conference meetings with component auditors to discuss in more detail the findings reported to the group audit team, and any further work required by the group audit team was then performed by the component auditor.

Independent auditor's report to the members of *Trifast* plc only

(continued)

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' viability statement on page 46 of the accompanying Strategic Report, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group continuing in operation over the three years to 2019.
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

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' statements, set out on pages 9, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 8 and 9 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Derek McAllan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Crawley
RH11 9PT

13 June 2016

Consolidated income statement

for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Continuing operations			
Revenue	3	**161,370**	154,741
Cost of sales		**(113,366)**	(109,866)
Gross profit		**48,004**	44,875
Other operating income	4	**317**	352
Distribution expenses		**(3,202)**	(3,108)
Administrative expenses before separately disclosed items		**(28,326)**	(26,845)
IFRS2 charge	2, 22	**(1,687)**	(741)
Intangible amortisation	2, 12	**(974)**	(551)
Net acquisition costs	2, 30	**(264)**	(750)
Costs on exercise of executive share options	2	**—**	(511)
Release of closure provision for *TR* Formac (Suzhou) Co. Ltd	2	**—**	94
Total administrative expenses		**(31,251)**	(29,304)
Operating profit	5, 6, 7	**13,868**	12,815
Financial income	8	**60**	97
Financial expenses	8	**(851)**	(1,063)
Net financing costs		**(791)**	(966)
Profit before taxation	2, 3	**13,077**	11,849
Taxation	9	**(2,852)**	(3,455)
Profit for the year (attributable to equity shareholders of the Parent Company)		**10,225**	8,394
Earnings per share			
Basic	25	**8.78p**	7.39p
Diluted	25	**8.50p**	7.07p

The notes on pages 35 to 68 form part of these financial statements

Consolidated statement of comprehensive income

for the year ended 31 March 2016

	2016 £000	2015 £000
Profit for the year	**10,225**	8,394
Other comprehensive income/(expense) for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**4,764**	(2,726)
(Loss)/gain on a hedge of a net investment taken to equity	**(2,537)**	2,180
Other comprehensive income/(expense) recognised directly in equity	**2,227**	(546)
Total comprehensive income recognised for the year (attributable to the equity shareholders of the Parent Company)	**12,452**	7,848

Consolidated statement of changes in equity

for the year ended 31 March 2016

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2015	5,809	20,978	6,342	38,551	71,680
Total comprehensive income for the year:					
Profit for the year	—	—	—	10,225	10,225
Other comprehensive income for the year	—	—	2,227	—	2,227
Total comprehensive income recognised for the year	—	—	2,227	10,225	12,452
Issue of share capital (note 24)	28	183	—	—	211
Share based payment transactions (including tax)	—	—	—	1,847	1,847
Dividends (note 24)	—	—	—	(2,440)	(2,440)
Total transactions with owners	28	183	—	(593)	(382)
Balance at 31 March 2016	5,837	21,161	8,569	48,183	83,750

Consolidated statement of changes in equity

for the year ended 31 March 2015

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2014	5,435	18,488	6,888	30,856	61,667
Total comprehensive (expense)/income for the year:					
Profit for the year	—	—	—	8,394	8,394
Other comprehensive expense for the year	—	—	(546)	—	(546)
Total comprehensive (expense)/income recognised for the year	—	—	(546)	8,394	7,848
Issue of share capital (note 24)	374	2,490	—	—	2,864
Share based payment transactions (including tax)	—	—	—	870	870
Dividends (note 24)	—	—	—	(1,569)	(1,569)
Total transactions with owners	374	2,490	—	(699)	2,165
Balance at 31 March 2015	5,809	20,978	6,342	38,551	71,680

Company statement of changes in equity

for the year ended 31 March 2016

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2015	**5,809**	**20,978**	**1,521**	**5,586**	**33,894**
Total comprehensive income for the year:					
Profit for the year	—	—	—	11,068	11,068
Total comprehensive income recognised for the year	—	—	—	11,068	11,068
Issue of share capital (note 24)	28	183	—	—	211
Share based payment transactions (including tax)	—	—	—	1,799	1,799
Dividends (note 24)	—	—	—	(2,440)	(2,440)
Total transactions with owners	28	183	—	(641)	(430)
Balance at 31 March 2016	5,837	21,161	1,521	16,013	44,532

Company statement of changes in equity

for the year ended 31 March 2015

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2014	5,435	18,488	1,521	5,404	30,848
Total comprehensive income for the year:					
Profit for the year	—	—	—	924	924
Total comprehensive income recognised for the year	—	—	—	924	924
Issue of share capital (note 24)	374	2,490	—	—	2,864
Share based payment transactions (including tax)	—	—	—	827	827
Dividends (note 24)	—	—	—	(1,569)	(1,569)
Total transactions with owners	374	2,490	—	(742)	2,122
Balance at 31 March 2015	5,809	20,978	1,521	5,586	33,894

Statements of financial position

at 31 March 2016

	Note	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Non-current assets					
Property, plant and equipment	10, 11	**17,171**	15,623	**2,362**	2,424
Intangible assets	12, 13	**38,259**	32,162	**—**	—
Equity investments	14	**—**	—	**41,440**	34,700
Deferred tax assets	15, 16	**2,165**	1,272	**836**	491
Total non-current assets		**57,595**	49,057	**44,638**	37,615
Current assets					
Inventories	17	**39,438**	37,418	**—**	—
Trade and other receivables	18	**43,386**	39,864	**33,613**	25,509
Cash and cash equivalents	19, 26	**17,614**	15,453	**1,406**	1,292
Total current assets		**100,438**	92,735	**35,019**	26,801
Total assets	3	**158,033**	141,792	**79,657**	64,416
Current liabilities					
Bank overdraft	19	**33**	439	**2,273**	4,738
Other interest-bearing loans and borrowings	20, 26	**16,901**	11,906	**12,091**	1,809
Trade and other payables	21	**33,030**	34,482	**5,720**	8,384
Tax payable		**2,773**	1,927	**—**	—
Provisions	23	**76**	298	**—**	—
Total current liabilities		**52,813**	49,052	**20,084**	14,931
Non-current liabilities					
Other interest-bearing loans and borrowings	20, 26	**16,675**	16,523	**14,866**	15,374
Provisions	23	**1,117**	885	**—**	—
Deferred tax liabilities	15, 16	**3,678**	3,652	**175**	217
Total non-current liabilities		**21,470**	21,060	**15,041**	15,591
Total liabilities	3	**74,283**	70,112	**35,125**	30,522
Net assets		**83,750**	71,680	**44,532**	33,894
Equity					
Share capital		**5,837**	5,809	**5,837**	5,809
Share premium		**21,161**	20,978	**21,161**	20,978
Reserves		**8,569**	6,342	**1,521**	1,521
Retained earnings		**48,183**	38,551	**16,013**	5,586
Total equity		**83,750**	71,680	**44,532**	33,894

The notes on pages 35 to 68 form part of these financial statements.

These financial statements were approved by the Board of Directors on 13 June 2016 and were signed on its behalf by:

Malcolm Diamond MBE
Director

Mark Belton
Director

Statements of cash flows

for the year ended 31 March 2016

	Note	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash flows from operating activities					
Profit for the year		**10,225**	8,394	**11,068**	924
Adjustments for:					
Depreciation, amortisation and impairment/(reversal)		**2,331**	1,768	**(6,676)**	56
Unrealised foreign currency (gain)/loss		**(119)**	111	**(256)**	(1,255)
Financial income		**(60)**	(97)	**(32)**	(30)
Financial expense		**851**	1,063	**406**	492
Loss/(gain) on sale of property, plant and equipment and investments		**15**	(3)	**—**	—
Dividends received		**—**	—	**(8,532)**	(5,911)
Equity settled share based payment charge		**1,687**	741	**1,224**	520
Taxation charge/(credit)		**2,852**	3,455	**(277)**	432
Operating cash inflow/(outflow) before changes in working capital and provisions		**17,782**	15,432	**(3,075)**	(4,772)
Change in trade and other receivables		**(1,360)**	(9,187)	**(3,914)**	(180)
Change in inventories		**(421)**	(1,679)	**—**	—
Change in trade and other payables		**(58)**	2,080	**(3,743)**	437
Change in provisions		**(70)**	121	—	—
Cash generated from/(used in) operations		**15,873**	6,767	**(10,732)**	(4,515)
Tax paid		**(3,080)**	(4,639)	**—**	—
Net cash from/(used in) operating activities		**12,793**	2,128	**(10,732)**	(4,515)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**16**	25	**—**	—
Interest received		**91**	97	**32**	30
Acquisition of subsidiary, net of cash acquired		**(7,684)**	(16,240)	**—**	(19,645)
Acquisition of property, plant and equipment and intangibles	10, 11, 12	**(2,339)**	(1,414)	**(2)**	(66)
Dividends received		**—**	—	**8,532**	5,911
Net cash (used in)/from investing activities		**(9,916)**	(17,532)	**8,562**	(13,770)
Cash flows from financing activities					
Proceeds from the issue of share capital, net of acquisition	24	**181**	494	**181**	494
Proceeds from new loan		**11,451**	20,337	**9,252**	20,337
Repayment of borrowings		**(8,969)**	(3,347)	**(1,825)**	(974)
Payment of finance lease liabilities		**(31)**	31	**—**	—
Dividends paid	24	**(2,440)**	(1,569)	**(2,440)**	(1,569)
Interest paid		**(895)**	(1,063)	**(419)**	(492)
Net cash (used in)/from financing activities		**(703)**	14,883	**4,749**	17,796
Net change in cash and cash equivalents		**2,174**	(521)	**2,579**	(489)
Cash and cash equivalents at 1 April	19	**15,014**	15,504	**(3,446)**	(2,957)
Effect of exchange rate fluctuations on cash held		**393**	31	**—**	—
Cash and cash equivalents at 31 March	19	**17,581**	15,014	**(867)**	(3,446)

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

a) Significant accounting policies

Trifast plc ('the Company') is a company incorporated in the United Kingdom. The registered office details are on page 74.

The Consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The 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 £11.07m (2015: £0.92m).

Statement of compliance

Both the Company financial statements and the Consolidated 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 Company financial statements here together with the Consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual 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 Consolidated and Company financial statements.

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 Adopted IFRSs 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.

Going concern

A review of the business activity and future prospects of the Group are covered in the accompanying Strategic report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are specifically described in the Business Review on pages 30 to 39. Detailed information regarding the Group's current facility levels, liquidity, credit, interest and foreign exchange risk are provided in note 26.

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

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

c) Basis of consolidation

i) Subsidiaries

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

ii) Transactions eliminated on consolidation

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

Notes to the financial statements (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

d) Foreign currency

i) Foreign currency transactions

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

ii) Financial statements of foreign operations

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

Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity, the translation reserve. They are released into the income statement as part of the gain or loss on 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 (j)).

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

ii) Depreciation

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

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

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

iii) Leased assets

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

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

1 Accounting policies (continued)

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) On business combinations

All business combinations are accounted for by applying the acquisition method. In respect of business combinations that have occurred since 1 April 2004, goodwill represents the difference between the fair value of the consideration transferred 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.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. For non-equity amounts any subsequent changes to the fair value are recognised in the profit and loss.

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 (j)).

Goodwill arising on acquisitions before 1 April 1998 was written off to reserves in the year of acquisition. Under IFRS1 and IFRS3, 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.

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 (j)).

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

The amortisation rates of other intangible assets per annum are as follows:

Customer relationships	—	6.7% to 12.5%
Technology	—	6.7% to 10%
Order backlog	—	100%
Other	—	20% to 33%

h) Non-derivative financial instruments

i) Investments in subsidiaries

Investments in subsidiaries are held in the Company balance sheet at historic cost net of any impairment (see accounting policy (j)).

Notes to the financial statements (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

ii) Trade and other receivables

Trade and other receivables are recognised initially at their fair value, and subsequently at amortised cost less impairment losses (see accounting policy (j)).

iii) 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 Statements of cash flows.

iv) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

v) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequently they are measured at amortised cost.

i) Inventories

Inventories 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, consumables and goods purchased for resale, a first-in first-out purchase price is used and includes expenditure incurred in acquiring the inventories 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.

j) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (i)), and deferred tax assets (see accounting policy (p)), 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.

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 consolidated income statement unless the asset is recorded at a revalued amount in which case it is treated as a revaluation decrease.

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

i) Calculation of recoverable amount

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

ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed. An impairment loss on any other asset is assessed at each reporting date and 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.

1 Accounting policies (continued)

k) Share capital

i) 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.

ii) Classification of share capital issued by the Group

Share capital issued by the Group is treated as equity as it is a non-derivative that confers no contractual obligations upon the Company or the Group to deliver cash or other financial assets with another party under conditions that are potentially unfavourable.

l) 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. The Group pays fixed contributions and will have no legal or constructive obligation to pay further amounts.

ii) Share based payment transactions

Share based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using a valuation model, taking into account the terms and conditions upon which they were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the Company grants awards over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity. Amounts recharged to the subsidiary are recognised as a reduction in the cost of investment in the subsidiary.

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.

m) 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.

n) Revenue

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

o) Expenses

i) Operating lease payments

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

Notes to the financial statements (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

ii) Finance lease payments

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

iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested. Interest income is recognised in the consolidated income statement as it accrues, using the effective interest method. Net finance costs also include the amortisation of arrangement fees and related costs.

p) Taxation

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

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

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

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend. Information as to the calculation of income tax on the profit or loss for the period presented is included in note 9.

q) Operating segment reporting

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

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

r) 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.

s) 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 weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and deferred equity awards granted to employees.

1 Accounting policies (continued)

t) 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 profit before tax is profit before taxation and separately disclosed items (see note 2).

Underlying profit after tax is used in the calculation of underlying earnings per share.

Underlying operating and segment results (see note 3) are operating and segment profit before 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 the same sector or elsewhere.

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

u) Separately disclosed items (see note 2)

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

2 Underlying profit before tax and separately disclosed items

	Note	**2016 £000**	2015 £000
Underlying profit before tax		**16,002**	14,308
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge	22	**(1,687)**	(741)
Intangible amortisation	12	**(974)**	(551)
Net acquisition costs	30	**(264)**	(750)
Costs on exercise of executive share options		**–**	(511)
Release of closure provision for *TR* Formac (Suzhou) Co. Ltd		**–**	94
Profit before tax		**13,077**	11,849

There were no separately disclosed items in 2016 (2015: £nil) other than the amounts detailed above.

During the period the IFRS2 charge increased significantly reflecting another year of the Deferred Equity Bonus scheme and also the acceleration of the 2014, 2015 and 2016 charges of this scheme for Jim Barker and Thomas Tan (*TR* Asia Managing Director, retired 31 December 2015) due to their Good Leaver status on retirement. £0.76m relates to the Deferred Equity Bonus charge for Executives who will continue in office and £0.83m represents the IFRS2 charge on deferred equity bonuses awarded to Jim Barker and Thomas Tan. The remaining £0.10m relates to the SAYE scheme.

The increase in the intangible amortisation charge has arisen primarily due to the purchase of customer relationships and an order backlog on the acquisition of Kuhlmann.

The total acquisition costs in relation to Kuhlmann amounted to £0.26m.

Notes to the financial statements (continued)

(forming part of the financial statements)

3 Operating segmental analysis

Segment information, as discussed in note 1 (q), is presented in the consolidated financial statements in respect of the Group's geographical segments. This reflects the Group's management and internal reporting structure, and the operating basis on which individual operations are reviewed by the Chief Operating Decision Maker (the Board).

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

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

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

Goodwill and intangible assets acquired on business combinations are included in the region to which they relate. This is an update on prior year when, outside of Asia, they were previously included in 'common' segment assets. The comparatives have been restated to reflect this. This is consistent with the internal management reports that are reviewed by the Chief Operating Decision Maker.

Geographical operating segments

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

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

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

March 2016	UK^ £000	Europe £000	USA £000	Asia £000	Common costs ^ £000	Total £000
Revenue						
Revenue from external customers	64,156	54,030	4,602	38,582	—	161,370
Inter segment revenue	2,057	341	97	5,804	—	8,299
Total revenue	66,213	54,371	4,699	44,386	—	169,669
Underlying operating result	6,172	6,880	401	6,730	(3,390)	16,793
Net financing costs	(278)	(107)	(2)	(29)	(375)	(791)
Underlying segment result	5,894	6,773	399	6,701	(3,765)	16,002
Separately disclosed items (see note 2)						(2,925)
Profit before tax						13,077
Specific disclosure items						
Depreciation and amortisation	231	1,181	22	833	64	2,331
Assets and liabilities						
Segment assets	36,525	63,568	3,164	50,295	4,481	158,033
Segment liabilities	(15,792)	(14,952)	(385)	(9,679)	(33,475)	(74,283)

^Including the offset of the UK overdrafts from Common costs, as allowable under financing agreements with HSBC.

3 Operating segmental analysis (continued)

March 2015	UK^ £000	Europe £000	USA £000	Asia £000	Common costs ^ £000	Total £000
Revenue						
Revenue from external customers	65,463	46,316	4,311	38,651	—	154,741
Inter segment revenue	1,935	413	62	5,496	—	7,906
Total revenue	67,398	46,729	4,373	44,147	—	162,647
Underlying operating result	5,832	6,461	327	5,731	(3,077)	15,274
Net financing costs	(308)	(125)	(1)	(58)	(474)	(966)
Underlying segment result	5,524	6,336	326	5,673	(3,551)	14,308
Separately disclosed items (see note 2)						(2,459)
Profit before tax						11,849
Specific disclosure items						
Depreciation and amortisation	170	688	16	837	57	1,768
Assets and liabilities						
Segment assets	39,642	45,407	2,267	50,222	4,254	141,792
Segment liabilities	(19,684)	(9,763)	(413)	(11,878)	(28,374)	(70,112)

^Including the offset of the UK overdrafts from Common costs, as allowable under financing agreements with HSBC.

There was no material difference in Europe and USA between the external revenue based on location of the entities and the location of the customers. Of the UK external revenue £10.4m (2015: £9.6m) was sold into the European market. Of the Asian external revenue, £3.89m (2015: £3.59m) was sold into the American market and £5.88m (2015: £5.92m) sold into the European market.

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

4 Other operating income

	2016 £000	2015 £000
Rental income received from freehold properties	**139**	155
Other income	**178**	197
	317	352

5 Expenses and auditor’s remuneration

Included in profit for the year are the following:

	Note	**2016 £000**	2015 £000
Depreciation	10	**1,357**	1,217
Amortisation of acquired intangibles	12	**974**	551
Operating lease expense		**2,507**	2,529
Loss/(gain) on disposal of fixed assets		**15**	(3)

Auditor’s remuneration:

	2016 £000	2015 £000
Audit of these financial statements	**41**	41
Audit of financial statements of subsidiaries pursuant to legislation	**208**	183
Taxation compliance services	**15**	44
Other assurance services	**27**	22
Other services relating to transaction services	**60**	309

Notes to the financial statements (continued)

(forming part of the financial statements)

6 Staff numbers and costs

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

	Group Number of employees 2016	2015
Office and management	**109**	104
Manufacturing	**307**	308
Sales	**180**	176
Distribution	**589**	577
	1,185	1,165

The aggregate payroll costs of these people were as follows:

	Group 2016 £000	2015 £000
Wages and salaries (including bonus)	**27,514**	25,842
Share based payments	**1,687**	741
Social security costs	**2,400**	2,255
Contributions to defined contribution plans (see note 22)	**1,613**	1,547
	33,214	30,385

7 Directors' emoluments

	2016 £000	2015 £000
Directors' emoluments	**1,779**	2,269
Deferred equity (face value)	**1,020**	1,020
Company contributions to money purchase pension plans	**139**	114
	2,938	3,403

The emoluments of individual Directors are shown in the Remuneration Report on pages 15 to 24.

The aggregate of emoluments of the highest paid Director was £0.62m (2015: £0.77m), which included deferred equity (at face value) of £0.23m
(2015: £0.25m), and Company pension contributions of £0.05m (2015: £nil) were made to a money purchase scheme on his behalf. During the year, the highest paid Director exercised no share options (2015: 1.0m).

The annual IFRS2 charge relating to Board deferred equity bonuses given in 2014, 2015 and 2016 was £1.22m (2015: £0.51m). The highest paid Director's element of this charge was £0.27m (2015: £0.13m).

	Number of Directors 2016	2015
Retirement benefits are accruing to the following number of Directors under money purchase schemes	**4**	3
The number of Directors who exercised share options was	**—**	6

See pages 15 to 24 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

	2016 £000	2015 £000
Financial income		
Interest income on financial assets	**60**	97
Financial expenses		
Interest payable on bank loans and hire purchase liabilities	**851**	1,063

9 Taxation

Recognised in the income statement	2016 £000	2015 £000
Current UK tax expense:		
Current year	554	580
Adjustments for prior years	210	77
	764	657
Current foreign tax expense:		
Current year	3,052	3,223
Adjustments for prior years	19	56
	3,071	3,279
Total current tax	3,835	3,936
Deferred tax expense (note 15):		
Origination and reversal of temporary differences	(196)	(473)
Adjustments for prior years	(787)	(8)
Deferred tax income	(983)	(481)
Tax in income statement	2,852	3,455

Tax recognised directly in equity	2016 £000	2015 £000
Current tax recognised directly in equity — IFRS2 share based tax credit	(70)	(579)
Deferred tax recognised directly in equity — IFRS2 share based tax (credit)/charge	(90)	450
Total tax recognised in equity	(160)	(129)

Reconciliation of effective tax rate ('ETR') and tax expense	2016 £000	ETR %	2015 £000	ETR %
Profit for the period	10,225		8,394	
Tax from continuing operations	2,852		3,455	
Profit before tax	13,077		11,849	
Tax using the UK corporation tax rate of 20% (2015: 21%)	2,615	20	2,488	21
Tax suffered on dividends	204	2	171	1
Non-deductible expenses	223	2	236	2
Non-taxable receipts	(123)	(1)	(184)	(2)
IFRS2 share option charge/(credit)	112	1	(19)	—
Deferred tax assets not recognised	72	-	289	3
Different tax rates on overseas earnings	256	2	347	3
Adjustments in respect of prior years	(558)	(4)	125	1
Tax rate change	51	—	2	—
Total tax in income statement	2,852	22	3,455	29

The UK Government has reduced the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These reductions have been reflected in the measurement of deferred tax balances.

The adjustments in respect of prior years mainly relate to the recognition of a deferred tax asset in the US as it is now considered probable this asset will be recoverable.

Notes to the financial statements (continued)

(forming part of the financial statements)

10 Property, plant and equipment — Group

	Land and buildings £000	Leasehold improvements £000	Plant and equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2014	10,441	867	15,857	4,228	264	31,657
Additions	92	1	723	558	40	1,414
Acquisitions	5,754	—	8,120	325	287	14,486
Disposals	—	—	(287)	(229)	(11)	(527)
Effect of movements in foreign exchange	(667)	20	(748)	(25)	(24)	(1,444)
Balance at 31 March 2015	15,620	888	23,665	4,857	556	45,586
Balance at 1 April 2015	15,620	888	23,665	4,857	556	45,586
Additions	93	31	1,676	480	36	2,316
Acquisitions (see note 30)	30	—	—	233	22	285
Disposals	—	(7)	(116)	(286)	(31)	(440)
Effect of movements in foreign exchange	527	21	935	71	30	1,584
Balance at 31 March 2016	**16,270**	**933**	**26,160**	**5,355**	**613**	**49,331**
Depreciation and impairment						
Balance at 1 April 2014	2,096	549	13,199	3,810	175	19,829
Depreciation charge for the year	215	66	742	145	49	1,217
Acquisitions	2,128	—	7,840	299	269	10,536
Disposals	—	—	(287)	(228)	(10)	(525)
Effect of movements in foreign exchange	(242)	14	(807)	(32)	(27)	(1,094)
Balance at 31 March 2015	4,197	629	20,687	3,994	456	29,963
Balance at 1 April 2015	4,197	629	20,687	3,994	456	29,963
Depreciation charge for the year	223	66	755	269	44	1,357
Acquisitions (see note 30)	3	—	—	94	16	113
Disposals	—	(7)	(107)	(267)	(28)	(409)
Effect of movements in foreign exchange	230	15	809	56	26	1,136
Balance at 31 March 2016	**4,653**	**703**	**22,144**	**4,146**	**514**	**32,160**
Net book value						
At 1 April 2014	8,345	318	2,658	418	89	11,828
At 31 March 2015	11,423	259	2,978	863	100	15,623
At 31 March 2016	**11,617**	**230**	**4,016**	**1,209**	**99**	**17,171**

Included in the net book value of land and buildings is £10.30m (2015: £10.15m) of freehold land and buildings, and £1.32m (2015: £1.27m) of long leasehold land and buildings.

11 Property, plant and equipment — Company

	Land and buildings £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 April 2014	3,497	767	4,264
Additions	66	—	66
Disposals	—	(198)	(198)
Balance at 31 March 2015	3,563	569	4,132
Balance at 1 April 2015	3,563	569	4,132
Additions	—	2	2
Balance at 31 March 2016	**3,563**	**571**	**4,134**
Depreciation and impairment			
Balance at 1 April 2014	1,101	749	1,850
Depreciation charge for the year	54	2	56
Disposals	—	(198)	(198)
Balance at 31 March 2015	1,155	553	1,708
Balance at 1 April 2015	1,155	553	1,708
Depreciation charge for the year	61	3	64
Balance at 31 March 2016	**1,216**	**556**	**1,772**
Net book value			
At 1 April 2014	2,396	18	2,414
At 31 March 2015	2,408	16	2,424
At 31 March 2016	**2,347**	**15**	**2,362**

Included in the net book value of land and buildings is £2.35m (2015: £2.41m) of freehold land and buildings.

12 Intangible assets — Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 2014	30,052	2,939	32,991
Acquisitions	9,255	8,108	17,363
Effect of movements in foreign exchange	(629)	(899)	(1,528)
Balance at 31 March 2015	38,678	10,148	48,826
Balance at 1 April 2015	38,678	10,148	48,826
Acquisitions (see note 30)	1,187	3,651	4,838
Additions	—	23	23
Disposals	—	(742)	(742)
Effect of movements in foreign exchange	1,597	1,214	2,811
Balance at 31 March 2016	**41,462**	**14,294**	**55,756**
Amortisation and impairment			
Balance at 1 April 2014	13,730	2,302	16,032
Amortisation for the year	—	551	551
Effect of movements in foreign exchange	105	(24)	81
Balance at 31 March 2015	13,835	2,829	16,664
Balance at 1 April 2015	13,835	2,829	16,664
Amortisation for the year	—	974	974
Disposals	—	(742)	(742)
Effect of movements in foreign exchange	190	411	601
Balance at 31 March 2016	**14,025**	**3,472**	**17,497**
Net book value			
At 1 April 2014	16.322	637	16,959
At 31 March 2015	24,843	7,319	32,162
At 31 March 2016	**27,437**	**10,822**	**38,259**

The amortisation charge is recognised in administrative expenses in the income statement.

Notes to the financial statements (continued)

(forming part of the financial statements)

12 Intangible assets — Group (continued)

Other intangible assets are made up of:

- Customer relationships acquired as part of the acquisition of PSEP. The remaining amortisation period left on these assets is 7.75 years
- Customer relationships, technology know-how and technology patents acquired as part of the acquisition of VIC. The average remaining amortisation period on these assets is 11.28 years (maximum 13.17 years).
- Customer relationships and order backlog acquired as part of the acquisition of Kuhlmann. The average remaining amortisation period on these assets is 9.01 years.

There were £nil impairments made during 2016 (2015: £nil).

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

	2016 £000	2015 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**9,780**	9,296
TR Fastenings AB (Sweden)	**1,063**	1,063
Lancaster Fastener Company Ltd (UK)	**1,245**	1,245
Serco Ryan Ltd (within *TR* Fastenings Ltd) (UK)	**4,083**	4,083
Power Steel and Electro-Plating Works SDN Bhd (PSEP) (Malaysia)	**753**	821
Viterie Italia Centrale (VIC) (Italy)	**9,020**	8,231
TR Kuhlmann GmbH (Germany)	**1,389**	—
Other	**104**	104
	27,437	24,843

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 four 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 recoverable amount of Special Fasteners Engineering Co. Ltd (Taiwan), Viterie Italia Centrale (Italy) and Serco Ryan Ltd (within *TR* Fastenings Ltd) (UK) have been calculated with reference to the key assumptions shown below:

	SFE		VIC		Serco	
	2016	2015	2016	2015	2016	2015
Long term growth rate	**2.0%**	3.0%	**2.0%**	2.0%	**2.0%**	2.0%
Discount rate — post-tax	**8.8%**	9.6%	**9.6%**	11.3%	**8.2%**	8.9%
Discount rate — pre-tax	**10.6%**	11.6%	**13.9%**	16.5%	**10.2%**	11.1%

Long term growth rate

Four 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
- the long term compound annual growth rate in EBITDA in years six to ten estimated by management

Post-tax risk adjusted discount rate

The discount rate applied to the cash flows of each of the Group's operations is based on the Weighted Average Cost of Capital ('WACC') (using post-tax numbers). The cost of equity element uses 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.

12 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 the discount rate on a post and pre-tax basis. This takes into account certain components such as the various discount rates reflecting different risk premiums and tax rates in the respective regions. Overall, the Board is confident that the discount rate adequately reflects the circumstances in each location and is in accordance with IAS36.

The £0.79m and £0.48m increase in the goodwill of VIC and SFE respectively refer to foreign exchange gains as these investments are held in Euros and Singapore Dollars.

The £0.07m decrease in the goodwill of PSEP refers to foreign exchange losses as this investment is held in Malaysian Ringgit.

Sensitivity to changes in assumptions

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.

13 Intangible assets — Company

	Other £000
Cost	
Balance at 1 April 2014, 31 March 2015 and 31 March 2016	62
Amortisation and impairment	
Balance at 1 April 2014, 31 March 2015 and 31 March 2016	62
Net book value	
At 1 April 2014, 31 March 2015 and 31 March 2016	—

14 Equity investments — Company

Investments in subsidiaries

	£000
Cost	
Balance at 1 April 2014	41,436
Additions	27,231
Disposals	(26,082)
Balance at 31 March 2015, 1 April 2015 and 31 March 2016	**42,585**
Provision	
Balance at 1 April 2014 and 31 March 2015	7,885
Reversal of provision	(6,740)
Balance at 31 March 2016	**1,145**
Net book value	
At 1 April 2014	33,551
At 31 March 2015	34,700
At 31 March 2016	**41,440**

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included in note 33.

All subsidiaries have a reporting date concurrent with *Trifast* plc, except *TR* Formac (Shanghai) Pte Ltd which has a reporting date of 31 December.

The reversal of the provision relates to *TR* Fastenings Inc. An impairment review was conducted using the value-in-use methodology and this determined that the asset is now fully recoverable. The main event leading to the reversal is the turnaround in the business from loss making to a position of sustained profitability. The improved performance for *TR* Fastenings Inc is forecast to continue in the future and therefore the Board are confident the value is recoverable. The key assumptions used in the impairment analysis are: a terminal growth rate of 2.0%; a post-tax discount rate of 7.8% and a pre-tax discount rate of 13.5%. There has been no impact in the Consolidated financial statements as only goodwill was impaired at this level and IAS 36 prohibits the reversal of impairment for goodwill.

Notes to the financial statements (continued)

(forming part of the financial statements)

15 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	
	2016 £000	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Property, plant and equipment	**(70)**	(163)	**1,743**	1,685	**1,673**	1,522
Intangible assets	**(53)**	—	**2,240**	2,274	**2,187**	2,274
Inventories	**(737)**	(571)	**—**	—	**(737)**	(571)
Provisions	**(327)**	(346)	**159**	203	**(168)**	(143)
IFRS2	**(903)**	(649)	**—**	—	**(903)**	(649)
Tax value of loss c/fwd	**(539)**	(53)	**—**	—	**(539)**	(53)
Tax (assets)/liabilities	**(2,629)**	(1,782)	**4,142**	4,162	**1,513**	2,380
Tax set-off	**464**	510	**(464)**	(510)	**—**	—
Net tax (assets) liabilities	**(2,165)**	(1,272)	**3,678**	3,652	**1,513**	2,380

During the year deferred tax assets were recognised in relation to *TR* Fastenings Inc on the grounds that recovery is considered probable. In the prior year the unrecognised deferred tax asset relating to tax losses at *TR* Fastenings Inc. was £0.49m. A potential £1.62m (2015: £1.79m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

	1 April 2015 £000	Recognised in income £000	Recognised on acquisitions £000	Recognised in equity^ £000	**31 March 2016 £000**
Property, plant and equipment	1,522	92	—	59	**1,673**
Intangible assets	2,274	(259)	—	172	**2,187**
Inventories	(571)	(155)	—	(11)	**(737)**
Provisions	(143)	(30)	—	5	**(168)**
IFRS2	(649)	(164)	—	(90)	**(903)**
Tax value of loss c/fwd	(53)	(467)	—	(19)	**(539)**
	2,380	(983)	—	116	**1,513**

Movement in deferred tax during the prior year

	1 April 2014 £000	Recognised in income £000	Recognised on acquisitions £000	Recognised in equity^ £000	31 March 2015 £000
Property, plant and equipment	1,087	(167)	735	(133)	1,522
Intangible assets	11	8	2,529	(274)	2,274
Inventories	(451)	(138)	—	18	(571)
Provisions	(26)	(114)	—	(3)	(143)
IFRS2	(1,042)	(57)	—	450	(649)
Tax value of loss c/fwd	(50)	(13)	—	10	(53)
	(471)	(481)	3,264	68	2,380

^ Amounts recognised in equity include the deferred tax on IFRS2 share based movements and the equity element of foreign exchange differences taken to reserves.

16 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	
	2016 £000	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Property, plant and equipment	**—**	—	**175**	217	**175**	217
Provisions	**(39)**	(2)	**—**	—	**(39)**	(2)
IFRS2	**(797)**	(489)	**—**	—	**(797)**	(489)
Tax (assets)/liabilities	**(836)**	(491)	**175**	217	**(661)**	(274)

A potential £1.62m (2015: £1.79m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

	1 April 2015 £000	Recognised in income £000	Recognised in equity £000	**31 March 2016 £000**
Property, plant and equipment	217	(42)	—	**175**
Provisions	(2)	(37)	—	**(39)**
IFRS2	(489)	(204)	(104)	**(797)**
	(274)	(283)	(104)	**(661)**

Movement in deferred tax during the prior year

	1 April 2014 £000	Recognised in income £000	Recognised in equity £000	31 March 2015 £000
Property, plant and equipment	216	1	—	217
Provisions	(1)	(1)	—	(2)
IFRS2	(841)	(52)	404	(489)
	(626)	(52)	404	(274)

17 Inventories — Group

	2016 £000	2015 £000
Raw materials and consumables	**4,067**	4,096
Work in progress	**1,458**	1,881
Finished goods and goods for resale	**33,913**	31,441
	39,438	37,418

18 Trade and other receivables

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Trade receivables	**41,931**	37,876	**—**	—
Non trade receivables and prepayments	**1,455**	1,988	**41**	51
Amounts owed by subsidiary undertakings	**—**	—	**33,572**	25,458
	43,386	39,864	**33,613**	25,509

Details of the security held over receivables and inventories is provided in note 26.

Notes to the financial statements (continued)

(forming part of the financial statements)

19 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Cash and cash equivalents per Statement of financial position	**17,614**	15,453	**1,406**	1,292
Bank overdrafts per Statement of financial position	**(33)**	(439)	**(2,273)**	(4,738)
Cash and cash equivalents per Statements of cash flows	**17,581**	15,014	**(867)**	(3,446)

20 Other interest-bearing loans and borrowings

This note provides information about the Group and Company's existing interest-bearing loans and borrowings. For more information about the Group and Company's exposure to interest rate, foreign currency and liquidity risk, see note 26.

			Current		Non-current	
Initial loan value	Rate	Maturity	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Group						
Asset based lending	LIBOR +1.89% to 2.25%	2016	**3,144**	8,605	**—**	—
PSEP acquisition loan	Fixed 3.14%	2016	**1,170**	1,484	**—**	1,113
Finance lease liabilities	Various	2015–19	**2**	8	**12**	36
VIC unsecured loan	EURIBOR + 1.95%	2020	**476**	—	**1,665**	—
Kuhlmann unsecured loan	Base + 1.55%	2024	**18**	—	**132**	—
Group and Company						
Facility A VIC acquisition loan	EURIBOR +1.65%	2015–19	**2,091**	1,809	**14,866**	15,374
Facility B Revolving Credit Facility	EURIBOR +1.65%	2019	**10,000**	-	**-**	-
Total Group			**16,901**	11,906	**16,675**	16,523
Total Company			**12,091**	1,809	**14,866**	15,374

21 Trade and other payables

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Trade payables	**17,164**	17,147	**—**	—
Amounts payable to subsidiary undertakings	**—**	—	**2,630**	2,604
Contingent consideration	**1,348**	3,617	**1,348**	3,617
Non-trade payables and accrued expenses	**13,149**	12,354	**1,623**	2,160
Other taxes and social security	**1,369**	1,364	**119**	3
	33,030	34,482	**5,720**	8,384

22 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 £1.61m (2015: £1.55m) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pension contributions of £0.12m (2015: £0.11m), which are included in creditors.

Share based payments

The Group Share Options (including SAYE 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, five or seven 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:

	2016		2015	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of year	**3,567,961**	**0.26**	7,725,656	0.14
Granted during the year	**495,264**	**1.05**	344,271	1.00
Forfeited/lapsed during the year	**(32,068)**	**0.91**	(12,060)	0.85
Exercised during the year	**(544,451)**	**0.33**	(4,489,906)	0.11
Outstanding at the end of the year	**3,486,706**	**0.35**	3,567,961	0.26
Exercisable at the end of the year	**2,024,685**	**0.09**	2,026,316	0.09

The options outstanding at 31 March 2016 had a weighted average remaining contractual life of 2.8 years (2015: 3.6 years) and exercise prices ranging from £0.085 to £1.05 (2015: £0.085 to £1.00).

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

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

Deferred equity bonus shares

The Board deferred equity bonus shares have been discussed in more detail in the Remuneration report (pages 15 to 24).

The number of deferred equity bonus shares is as follows:

	2016
Outstanding at beginning of year	**2,409,382**
2016 deferred equity bonus shares	**963,540**
Outstanding at end of year*	**3,372,922**

* The above includes 95,354 shares for 2016, 144,943 for 2015 and 185,282 for 2014 for T Tan relating to his employment as *TR* Asia MD. He did not sit on the main plc Board prior to retirement on 31 December 2015.

These shares are subject to a three year service period and the fair value has been calculated using the Discounted Dividend Model. This is based on expected dividends over the three year term.

Notes to the financial statements (continued)

(forming part of the financial statements)

22 Employee benefits (continued)

Date of Grant	Type of instrument	Valuation model	No. Outstanding on 31 March 2016	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk-free rate %	Expected annual dividend %	Fair value (£)
30/09/2009	Share Options	Monte Carlo	2,000,000	0.280	0.085	53.54	3.00	3.00	1.94	3.32	0.09
01/10/2009	SAYE 7 Year	Binomial	304,327	0.280	0.170	45.44	7.00	7.00	3.09	3.38	0.12
01/10/2010	SAYE 7 Year	Black Scholes	11,682	0.370	0.250	47.86	7.00	7.00	2.43	1.36	0.20
01/10/2011	SAYE 5 Year	Black Scholes	8,226	0.410	0.450	47.63	5.00	5.00	0.56	0.00	0.16
01/10/2011	SAYE 7 Year	Black Scholes	7,920	0.410	0.450	47.63	7.00	7.00	0.56	0.00	0.19
01/10/2012	SAYE 3 Year	Black Scholes	24,685	0.460	0.350	48.08	3.00	3.00	0.79	1.09	0.18
01/10/2012	SAYE 5 Year	Black Scholes	47,139	0.460	0.350	48.08	5.00	5.00	1.37	1.09	0.21
01/10/2012	SAYE 7 Year	Black Scholes	14,080	0.460	0.350	48.08	7.00	7.00	1.93	1.09	0.24
01/10/2013	SAYE 3 Year	Black Scholes	241,200	0.680	0.500	46.06	3.00	3.00	0.85	1.19	0.27
01/10/2013	SAYE 5 Year	Black Scholes	21,000	0.680	0.500	46.06	5.00	5.00	1.55	1.19	0.31
01/10/2014	SAYE 3 Year	Black Scholes	210,780	1.050	1.000	35.76	3.00	3.00	1.23	1.33	0.26
01/10/2014	SAYE 5 Year	Black Scholes	114,231	1.050	1.000	35.76	5.00	5.00	1.73	1.33	0.33
01/10/2015	SAYE 3 Year	Black Scholes	346,589	1.140	1.050	35.20	3.00	3.00	0.77	1.84	0.28
01/10/2015	SAYE 5 Year	Black Scholes	134,847	1.140	1.050	34.60	5.00	5.00	1.17	1.84	0.33
	Total Share Options		3,486,706								
18/09/2014	Deferred equity	DDM^	1,284,050	1.050	n/a	n/a	2.79	2.79	n/a	1.33	1.02
09/09/2015	Deferred equity	DDM^	1,125,332	1.030	n/a	n/a	3.79	3.79	n/a	1.81	1.11
31/03/2016	Deferred equity	DDM^	963,540	1.270	n/a	n/a	4.00	4.00	n/a	1.81	1.20
	Total		**6,859,628**								

^ Discounted Dividend Model.

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 total charges of £1.69m and £0.74m in relation to equity settled share based payment transactions in 2016 and 2015 respectively.

22 Employee benefits (continued)

As at 31 March 2016, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
30/09/09/Executive	2,000,000	Sep 2012-Sep 2019
01/10/09/SAYE	304,327	Oct 2016
01/10/10/SAYE	11,682	Oct 2017
01/10/11/SAYE	16,146	Oct 2016, Oct 2018
01/10/12/SAYE	85,904	Oct 2015, 2017, 2019
01/10/13/SAYE	262,200	Oct 2016, 2018
01/10/14/SAYE	325,011	Oct 2017, 2019
01/10/15/SAYE	481,436	Oct 2018, 2020
Total outstanding options	3,486,706	
Deferred equity bonus shares	3,372,922	Mar 2017, 2018, 2019
Total	**6,859,628**	

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

23 Provisions

Group	Indemnified legal claims £000	Restructuring costs £000	Dilapidations £000	Total £000
Balance at 31 March 2015	**120**	**78**	**985**	1,183
Provisions made during the year	**—**	**—**	**200**	200
Provisions utilised during the year	**(120)**	**(2)**	**(68)**	(190)
Balance at 31 March 2016	**—**	**76**	**1,117**	1,193

The restructuring provision relates to onerous leases arising from the 'right-sizing' of our portfolio of properties within the UK. Dilapidations also relate to properties. Both will be utilised by vacation.

All amounts represent a best estimate of the expected cash outflows although actual amounts paid could be lower or higher.

Group	Restructuring costs £000	Dilapidations £000	2016 Total £000	2015 Total £000
Non-current (greater than 1 year)	**—**	**1,117**	**1,117**	885
Current (less than 1 year)	**76**	**—**	**76**	298
Balance at 31 March	**76**	**1,117**	**1,193**	1,183

In respect of the Company there are £nil provisions (2015: £nil).

Notes to the financial statements (continued)

(forming part of the financial statements)

24 Capital and reserves

Capital and reserves — Group and Company

See Statements of changes in equity on pages 31 and 32.

Reserves

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	
	2016	2015
In issue at 1 April	**116,174,086**	108,684,180
Shares issued	**573,801**	7,489,906
In issue at 31 March — fully paid	**116,747,887**	116,174,086

On 1 October 2015 the Company issued 29,350 shares for £0.03m as part consideration of the acquisition of Kuhlmann (see note 30).

The total number of shares issued during the year was 573,801 for a consideration of £0.21m (2015: 7,489,906 shares for £2.86m). Excluding the Kuhlmann acquisition, this was settled in cash.

	2016 £000	2015 £000
Allotted, called up and fully paid		
Ordinary shares of 5p each	**5,837**	5,809

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 recognised and paid by the Group:

	2016 £000	2015 £000
Final paid 2015 — 1.50p (2014: 1.00p) per qualifying ordinary share	**697**	1,135
Interim paid 2015 — 0.60p (2014: 0.40p) per qualifying ordinary share	**1,743**	434
	2,440	1,569

After the balance sheet date a final dividend of 2.00p per qualifying ordinary share (2015: 1.50p) was proposed by the Directors and an interim dividend of 0.80p (2015: 0.60p) was paid in April 2016.

	2016 £000	2015 £000
Final proposed 2016 — 2.00p (2015: 1.50p) per qualifying ordinary share	**2,335**	1,743
Interim paid 2016 — 0.80p (2015: 0.60p) per qualifying ordinary share	**934**	697
	3,269	2,440

Subject to Shareholder approval at the Annual General Meeting which is to be held on 27 July 2016, the final dividend will be paid on 14 October 2016 to members on the register at the close of business on 16 September 2016. The ordinary shares will become ex-dividend on 15 September 2016.

25 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2016 was based on the profit attributable to ordinary shareholders of £10.23m (2015: £8.39m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2016 of 116,388,265 (2015: 113,540,187), calculated as follows:

Weighted average number of ordinary shares

	2016	2015
Issued ordinary shares at 1 April	**116,174,086**	108,684,180
Effect of shares issued	**214,179**	4,856,007
Weighted average number of ordinary shares at 31 March	**116,388,265**	113,540,187

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2016 was based on profit attributable to ordinary shareholders of £10.23m (2015: £8.39m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2016 of 120,345,662 (2015: 118,768,522), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2016	2015
Weighted average number of ordinary shares at 31 March	**116,388,265**	113,540,187
Effect of share options on issue	**3,957,397**	5,228,335
Weighted average number of ordinary shares (diluted) at 31 March	**120,345,662**	118,768,522

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

Underlying earnings per share

		2016 EPS			2015 EPS	
EPS (total)	Earnings £000	Basic	Diluted	Earnings £000	Basic	Diluted
Profit after tax for the financial year	**10,225**	**8.78p**	**8.50p**	8,394	7.39p	7.07p
Separately disclosed items:						
IFRS2 share option	**1,687**	**1.45p**	**1.40p**	741	0.65p	0.62p
Intangible amortisation	**974**	**0.84p**	**0.81p**	551	0.49p	0.46p
Net acquisition costs	**264**	**0.23p**	**0.22p**	750	0.66p	0.63p
Costs on exercise of Executive share options	**–**	**–**	**–**	511	0.45p	0.43p
Release of closure provision for *TR* Formac (Suzhou) Co. Ltd	**–**	**–**	**–**	(94)	(0.08p)	(0.08p)
Tax charge on adjusted items^	**(1,132)**	**(0.97p)**	**(0.94p)**	(541)	(0.48p)	(0.45p)
Underlying profit after tax	**12,018**	**10.33p**	**9.99p**	10,312	9.08p	8.68p

^ This includes adjusting for the recognition of the deferred tax asset in *TR* Fastenings Inc (see note 15).

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

Notes to the financial statements (continued)

(forming part of the financial statements)

26 Financial instruments

(a) Fair values of financial instruments

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

(b) Financial instruments risks

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

(i) Credit risk

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

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

Credit evaluations are performed on all customers requiring credit over a predetermined amount. Bad debt insurance is taken out on all key accounts where the cost is appropriate given the risk covered. All overdue debts are monitored regularly and customers are put on credit hold if payments are not received on time. The carrying amount of trade receivables represents the maximum credit exposure for the Group. Therefore, the maximum exposure to credit risk at the balance sheet date was £41.93m (2015: £37.88m), being the total carrying amount of trade receivables net of an allowance. Management does not consider there to be any significant unimpaired credit risk in the year-end balance sheet (2015: £nil).

At the balance sheet date there were no significant geographic or sector specific concentrations of credit risk.

	2016 £000	2015 £000
Amounts less than 90 days past due	**41,491**	37,457
Amounts more than 90 days past due	**440**	419
	41,931	37,876

For balances neither past due nor impaired credit quality is considered good and no credit exposures have been identified (2015: nil).

When the Group is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Impairment losses

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

	2016 £000	2015 £000
Balance at 1 April	**(754)**	(553)
Impairment movement	**(49)**	(201)
Balance at 31 March	**(803)**	(754)

There are no significant losses/bad debts provided for specific customers. Impairments are recognised where a credit exposure has been identified whether amounts are past due or not.

(ii) Liquidity and interest risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group holds net debt and hence its main 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.

26 Financial instruments (continued)

The Group banking facilities with HSBC comprise:

- a term loan facility of €25.00m ('Facility A') used to fund the acquisition of VIC (balance at 31 March 2016: €21.25m)
- a revolving multi-currency credit facility ('RCF') of up to £10.00m ('Facility B') (balance at 31 March 2016: £10.0m)

The obligations of *Trifast* under Facility A and Facility B are guaranteed by the UK non-dormant subsidiaries of the Company.

Interest on facility A and B is charged at the aggregate rate of LIBOR/EURIBOR plus a margin of 1.65%, in accordance with a formula incorporating the ratio of consolidated net debt against the consolidated underlying EBITDA of the enlarged Group.

Facility A and B are secured by way of a charge over the Group's premises at Uckfield; a first fixed and floating charge over all other UK assets of the enlarged Group; a share charge over *TR* Asia Investment Holdings Pte Ltd (Singapore); and a quota charge over VIC.

In addition the Group has an Asset Based Lending ('ABL') facility providing up to a maximum of £17.0m secured over the receivables and inventory of *TR* Fastenings Limited. This facility charges a marginal interest rate of 1.89% to 2.25% above base.

In December 2011, to part fund the Power Steel & Electro-Plating Works SDN Bhd acquisition, *TR* Asia Investment Holdings Pte Ltd took out a five year term loan with the Singaporean bank DBS at a fixed rate of 3.14% which is secured by Corporate Guarantees from the Company and *TR* Formac Pte Ltd. This will be fully repaid in 2016.

In June 2015, VIC took out a €3m repayment loan with MPS in Italy to part fund the de-factoring of their receivables. Interest is charged at 1.95% above base until maturity in 2020.

Covenant headroom

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

Interest cover:	Underlying EBITDA to net interest to exceed a ratio of three.
Debt Service cover:	Underlying EBITDA to debt service to exceed a ratio of one.
Net Debt cover:	Total net debt to underlying EBITDA not to exceed a ratio of 2.75.

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

Notes to the financial statements (continued)

(forming part of the financial statements)

26 Financial instruments (continued)

Liquidity tables

The following are the contractual maturities of the existing financial liabilities, excluding bank overdrafts and finance lease liabilities:

	2016				
	Carrying amount/ contractual cash flows^ £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Non-derivative financial liabilities					
Company					
Facility A — VIC acquisition loan (€25m)	16,957	2,091	3,964	10,902	—
Facility B — Revolving credit facility (£10m)	10,000	10,000	—	—	—
Total Company	26,957	12,091	3,964	10,902	—
Group					
Asset based lending	3,144	3,144	—	—	—
PSEP acquisition loan (S$15.11m)	1,170	1,170	—	—	—
VIC unsecured loan	2,141	476	476	1,189	—
Kuhlmann unsecured loan	150	18	18	54	60
Total Group	33,562	16,899	4,458	12,145	60

^ Excluding interest charges.

Finance lease liabilities at 31 March 2016 are £0.01m (2015: £0.04m).

	2015				
	Carrying amount/ contractual cash flows^ £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Non-derivative financial liabilities					
Company					
Facility A — VIC acquisition loan (€25m)	17,183	1,809	1,809	13,565	—
Facility B — Revolving credit facility (£10m)	—	—	—	—	—
Total Company	17,183	1,809	1,809	13,565	—
Group					
Asset based lending	8,605	8,605	—	—	—
PSEP acquisition loan (S$15.11m)	2,597	1,484	1,113	—	—
Total Group	28,385	11,898	2,922	13,565	—

^ Excluding interest charges.

Liquidity headroom

Trading forecasts show that the current facilities provide sufficient liquidity headroom. The Group continues to maintain positive relationships with a number of banks and the Directors believe that appropriate facilities will continue to be made available to the Group as and when they are required.

26 Financial instruments (continued)

Available existing facilities at 31 March 2016 (excluding bank overdrafts and finance lease liabilities):

	2016			2015		
	Available facilities £000	Utilised facilities £000	Un-utilised facilities £000	Available facilities £000	Utilised facilities £000	Un-utilised facilities £000
Company						
Facility A — VIC acquisition loan (€25m)	**16,957**	**16,957**	**—**	17,183	17,183	—
Facility B — Revolving credit facility (£10m)	**10,000**	**10,000**	**—**	10,000	—	10,000
Total Company	**26,957**	**26,957**	**—**	27,183	17,183	10,000
Group						
Asset based lending	**17,000**	**3,144**	**13,856**	17,175	8,605	8,570
PSEP acquisition loan (S$15.11m)	**1,170**	**1,170**	**—**	2,597	2,597	—
VIC unsecured loan	**2,141**	**2,141**	**—**	—	—	—
Kuhlmann unsecured loan	**150**	**150**	**—**	—	—	—
Total Group	**47,418**	**33,562**	**13,856**	46,955	28,385	18,570

Interest risk

The Group monitors closely all loans outstanding which currently incur interest at floating rates. When interest rate exposure risk becomes significant the Group makes use of derivative financial instruments, including interest rate swaps and caps. The only instrument held at the balance sheet date relates to Facility A, where a cap of 1% EURIBOR is in place (2015: 1%). The Group will continue to review this position going forward.

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.

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

Notes to the financial statements (continued)

(forming part of the financial statements)

26 Financial instruments (continued)

Interest rate table (including bank overdraft and finance lease liabilities)

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Fixed rate instruments				
Financial liabilities	**(1,170)**	(2,597)	**—**	—
	(1,170)	(2,597)	**—**	—
Variable rate instruments				
Financial assets	**17,614**	15,453	**1,406**	1,292
Financial liabilities^	**(32,439)**	(26,271)	**(29,230)**	(21,921)
	(14,825)	(10,818)	**(27,824)**	(20,629)

^ £16.96m of the variable rate financial liability balance in the Group and the Company relates to Facility A and has a 1% EURIBOR interest rate cap in place.

Sensitivity analysis

A change of 1 point in interest rates at the balance sheet date would change equity and profit and loss by £0.20m (2015: £0.25m). 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 and purchases that are denominated in a currency other than local functional currency. The Group faces additional currency risks arising from monetary financial instruments held in non-functional local currencies.

Operational foreign exchange exposure

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

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

Monetary assets/liabilities

The Group continues to monitor exchange rates and buy or sell currencies in order to minimise open exposure to foreign exchange risk. The Group does not speculate on exchange rates. At year end, the Group held a flexible forward contract to cover 50% ($3.0m) of the HY1 2017 €:$ transactional risk within VIC (2015: $nil). No other foreign exchange derivative financial instruments are held at the balance sheet date (2015: £nil). The year end value of this contract is not significant and therefore no disclosures have been provided below. The Group will continue to review this position going forward. The €25m VIC acquisition loan and the RCF utilised facility of €12.6m (£10.0m) are net investment hedged against the net asset value or VIC and *TR* Kuhlmann. Therefore all foreign exchange movements are taken to the translation reserve. All other loans are held in the local currency of the relevant company and so are excluded from the analysis below.

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

31 March 2016	**Sterling £000**	**Euro £000**	**US Dollar £000**	**Singapore Dollar £000**	**Total £000**
Cash and cash equivalents exposure	**139**	**3,140**	**4,345**	**409**	**8,033**

31 March 2015	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
Cash and cash equivalents exposure	1,491	2,435	2,237	495	6,658

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.

26 Financial instruments (continued)

Foreign currency	Local currency	Equity & profit or loss 2016 £000	Equity & profit or loss 2015 £000
US Dollar	Sterling	**(2)**	3
EURO	Sterling	**(21)**	(18)
Sterling	Singapore Dollar	**—**	(12)
US Dollar	Singapore Dollar	**(21)**	(8)
US Dollar	Taiwanese Dollar	**(14)**	(12)

(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, consistent with the management of capital for previous periods.

The Group has various borrowings and available facilities (see section (b)(ii) Liquidity and interest risk) 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:

	2016 £000	2015 £000
Cash and cash equivalents (note 19)	**17,581**	15,014
Borrowings (note 20)	**(33,576)**	(28,429)
Net debt	**(15,995)**	(13,415)
Equity	**(83,750)**	(71,680)
Capital	**(99,745)**	(85,095)

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Less than one year	**2,698**	2,265	**27**	27
Between two and five years	**5,587**	3,694	**42**	33
More than five years	**1,282**	732	**—**	—
	9,567	6,691	**69**	60

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

Group

During the year £2.51m was recognised as an expense (2015: £2.53m) in the income statement in respect of operating leases.

Company

During the year £0.05m (2015: £0.04m) was recognised as an expense in the income statement in respect of operating leases.

28 Contingent liabilities

Company

The Company has cross guarantees on its UK banking facilities with its three UK subsidiaries. The amount outstanding at the end of the year was £2.34m (2015: £4.74m).

Notes to the financial statements (continued)

(forming part of the financial statements)

29 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 on pages 15 to 24.

Transactions with Directors and Directors' close family relatives

No transactions with Directors and Directors' close family relatives occurred in 2016 (2015: nil) and no balances were outstanding (2015: £nil).

Related party transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included in note 33.

Company related party transactions with subsidiaries — income/expenditure 2016

	Rent £000	Income management fees £000	Loan Interest £000	Total £000	Expenditure management fees £000
TR Fastenings Ltd	290	405	—	695	314
TR Southern Fasteners Ltd	—	25	—	25	—
TR Norge AS	—	31	—	31	—
TR Fastenings AB	—	49	—	49	—
TR Miller BV	—	75	31	106	—
Lancaster Fastener Co Ltd	—	28	—	28	—
TR Hungary Kft	—	35	—	35	—
Viterie Italisa Centrale SPA	—	97	—	97	—
TR Asia Investments Pte Ltd	—	498	—	498	—
TR Fastenings Inc	—	56	—	56	—
	290	1,299	31	1,620	314

Company related party transactions with subsidiaries — income/expenditure 2015

	Rent £000	Income management fees £000	Loan interest £000	Total £000	Expenditure management fees £000
TR Fastenings Ltd	290	298	—	588	240
TR Southern Fasteners Ltd	—	21	—	21	—
TR Norge AS	—	26	—	26	—
TR Fastenings AB	—	43	—	43	—
TR Miller BV	—	57	30	87	—
Lancaster Fastener Co Ltd	—	24	—	24	—
TR Hungary Kft	—	36	—	36	—
TR Asia Investments Pte Ltd	—	371	—	371	—
TR Fastenings Inc	—	47	—	47	—
	290	923	30	1,243	240

29 Related parties (continued)

	2016 Balances receivables £000	2016 Balances payables £000	2015 Balances receivables £000	2015 Balances payables £000
TR Fastenings Ltd	621	63	549	37
TR Southern Fasteners Ltd	2	—	4	—
TR Norge AS	3	—	—	—
TR Fastenings AB	4	—	4	—
TR Miller BV	797	—	820	—
Lancaster Fastener Co Ltd	31	—	30	—
TR Hungary Kft	3	—	3	—
Viterie Italia Centrale SPA	16	—	—	—
TR Fastenings Inc	5	—	4	—
TR Asia Investments Pte Ltd	465	—	83	—
Non-trading dormant subsidiaries	—	267	—	267
Trifast Overseas Holdings Ltd	31,212	2,300	23,610	2,300
Trifast Holdings BV	388	—	352	—
TR Fastenings Poland Sp Zoo	25	—	—	—
	33,572	2,630	25,459	2,604

All related party transactions are on an arm's length basis.

30 Acquisition of Kuhlmann Befestigungselemente GmbH & Co. KG ('Kuhlmann')

On 1 October 2015, the Group acquired Kuhlmann for a total consideration of €8.5m (£6.2m). The initial amount of €6.8m (£4.9m) was paid on completion in cash and €0.04m (£0.03m) was satisfied by the allotment of 29,350 ordinary shares in the Company. Consideration of €1.7m (1 October 2015: £1.2m, 31 March 2016: £1.3m) will be deferred for 12 months and is to serve as a retention against which any potential warranty and indemnity claims will be offset. The cash consideration was met from the Group's existing bank facilities.

The Group will be investing in Kuhlmann to further develop the opportunities in the German market and expect the acquisition of Kuhlmann to be earnings enhancing in the first full year of ownership.

Based in Verl, close to Bielefeld, Germany, Kuhlmann was founded in 1996 and employs 18 staff. It is a well-respected highly efficient distributor of industrial fastenings within the domestic German market. Its emphasis is on delivering high quality products and services to its well-established longstanding customer base in the principal sectors of machinery and plant engineering, sheet metal processing and industrial. Kuhlmann's management team and previous owners, Frank Niggebrügge, Eric Hütter and Peter Henning, will continue to run the business with the support of the operational management team and staff who will remain within the business.

For the year ended 31 December 2014, Kuhlmann reported revenue of €6.7m (£5.4m) and profit before tax of €1.7m (£1.4m). Gross assets at the same date were €1.4m (£1.1m).

In the six months since acquiring Kuhlmann to 31 March 2016, the subsidiary contributed £0.5m to the consolidated underlying operating profit for the year and £2.5m to the Group's revenue. If the acquisition had occurred on 1 April 2015, Group revenue would have increased by an estimated £2.4m and consolidated operating profit would have been increased by an estimated £0.6m. In determining these amounts management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 April 2015.

Notes to the financial statements (continued)

(forming part of the financial statements)

30 Acquisition of Kuhlmann Befestigungselemente GmbH & Co. KG ('Kuhlmann') (continued)

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

	Provisional fair value disclosed^ £000	Adjustments to provisional fair values £000	Recognised fair value £000
Property, plant and equipment	176	(2)	174
Intangible assets	3,651	-	3,651
Inventories	463	(6)	457
Trade and other receivables	420	3	423
Cash and cash equivalents	583	—	583
Trade and other payables	(297)	(18)	(315)
Deferred tax liabilities	(1,011)	1,011	—
Net identifiable assets and liabilities	3,985	988	4,973
Consideration paid:			
Initial cash price paid	4,897	—	4,897
Equity instruments issued	31	—	31
Deferred consideration at fair value	1,232	—	1,232
Total consideration	6,160	—	6,160
Goodwill on acquisition	2,175	(988)	1,187

^ These amounts were disclosed in the Half Yearly Financial Report.

The fair value of trade receivables is £0.4m. The gross contractual cash flows to be collected are £0.4m. The best estimate at acquisition date of the contractual cash flows not to be collected is £nil.

The values previously disclosed in the Half Yearly Financial Report were provisional and were given for information purposes only since the acquisition was completed so close to 30 September 2015. An in-depth analysis has now been completed and led to adjustments to provisional fair values as disclosed in the table above. As part of this analysis it was identified that a tax deduction can be obtained locally for amortisation relating to acquired intangibles. Therefore on acquisition there was no temporary difference between the tax base and accounting net book value of these assets and hence no deferred tax liability was recognised.

Intangible assets that arose on the acquisition include the following:

- £3.3m of customer relationships, with an amortisation period deemed to be 10 years
- £0.4m of other intangibles, with an amortisation period deemed to be under 1 year

Goodwill is the excess of the purchase price over the fair value of the net assets acquired. Locally a tax deduction is available for Goodwill which is amortised over 15 years. It mostly represents potential synergies, e.g. cross-selling opportunities between Kuhlmann and the Group, and Kuhlmann's assembled workforce.

Effect of acquisition

The Group incurred costs of £0.26m in relation to the acquisition of Kuhlmann which have been included in administrative expenses in the Group's consolidated statement of comprehensive income and form part of separately disclosed items, see note 2. The foreign exchange losses of £0.55m made on the €1.7m deferred consideration and €6.8m external loan are part of the Group's net investment hedging and therefore have been recognised in the exchange reserve.

31 Subsequent events

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

32 Accounting estimates and judgements

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

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

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

- Recoverable amount of goodwill (note 12)
  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.

- Inventory valuation (note 17)
  Inventories are stated at the lower of cost and net realisable value with provision being made for obsolete and slow moving items. Management has based its judgements on the classification of inventory and the item's demand.

- Valuation of intangible assets acquired in a business combination (note 12)
  During the year the Group acquired Kuhlmann (see note 30). £3.65 million of intangible assets were identified as part of the business combination. The assets were valued by an external valuer using the income methodology. The main assumptions used to establish value were profitability, growth, discount and tax rates.

- Provisions (note 23)
  A provision is recognised in the balance sheet where the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Management has based its judgements on the latest available information, reflecting the expected outcome.

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

Notes to the financial statements (continued)

(forming part of the financial statements)

33 *Trifast* plc subsidiaries

Name	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held Group	Company
Europe					
Trifast Overseas Holdings Ltd	United Kingdom	£111	Holding Company	100%	100%
Trifast Holdings BV	Holland	€18,428	Holding Company	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 68,257,300	Distribution of fastenings	100%	—
TR Fastenings Poland Sp. Z o.o	Poland	PLN 50,000	Distribution of fastenings	100%	100%
Viterie Italia Centrale SPA	Italy	€187,200	Manufacture and distribution of fastenings	100%	—
VIC Sp. Z.o.o.	Poland	PLN 50,000	Distribution of fastenings	100%	—
TR Kuhlmann GmbH	Germany	€25,000	Distribution of fastenings	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	MYR 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	TW$100,000,000	Manufacture and distribution of fastenings	100%	—
TR Formac Fastenings Private Ltd	India	INR 18,850,000	Distribution of fastenings	100%	—
Power Steel & Electro-Plating Works SDN Bhd	Malaysia	MYR 4,586,523	Manufacture and distribution of fastenings	100%	—
TR Formac Co. Ltd	Thailand	THB 10,000,000	Distribution of fastenings	100%	—
Americas					
TR Fastenings Inc	USA	US$1,168,063	Distribution of fastenings	100%	100%
Dormants					
Trifast Systems Ltd	United Kingdom	£100	Dormant	100%	100%
Ivor Green (Exports) Ltd	United Kingdom	£5,000	Dormant	100%	100%
Charles Stringer's Sons & Co.Limited	United Kingdom	£18,000	Dormant	100%	100%
Fastech (Scotland) Ltd	United Kingdom	£100	Dormant	100%	100%
Micro Screws & Tools Ltd	United Kingdom	£1,000	Dormant	100%	100%
Trifast International Ltd	United Kingdom	£2	Dormant	100%	100%
Rollthread International Ltd	United Kingdom	£10,000	Dormant	100%	100%
TR Group Ltd	United Kingdom	£100	Dormant	100%	100%
Fastener Techniques Ltd	United Kingdom	£73,939	Dormant	100%	100%
Trifix Ltd	United Kingdom	£100	Dormant	100%	100%
Serco Ryan Ltd	United Kingdom	£3,000	Dormant	100%	100%
TR Europe Ltd	United Kingdom	£2,500	Dormant	100%	100%
Trifast Qualifying Employee Share Ownership Trustee Ltd	United Kingdom	£2	Dormant	100%	100%
KNH Verwaltungs GmbH	Germany	€1	Dormant	100%	—

The only change in ownership during the year was due to the acquisition of *TR* Kuhlmann GmbH (see note 30).

All of the above subsidiaries have been included in the Group's financial statements.

Five Year History

Five year history - 'A growth story'

	2012	2013	2014	2015	2016
Revenue	£112.51m	£121.54m	£129.78m	£154.74m	**£161.37m**
GP%	25.6%	26.0%	27.7%	29.0%	**29.7%**
Underlying operating profit*	£5.63m	£7.97m	£9.70m	£15.27m	**£16.79m**
Underlying EBITDA*	£6.54m	£9.23m	£10.80m	£16.49m	**£18.15m**
Underlying PBT*	£5.00m	£7.25m	£9.16m	£14.31m	**£16.00m**
ROCE %*	11.3%	12.1%	16.3%	18.6%	**18.5%**
Dividend per share	0.50p	0.80p	1.40p	2.10p	**2.80p**
Dividend increase %	—	60%	75%	50%	**33.3%**
Dividend cover*	7.5×	5.9×	4.3×	4.1×	**3.6x**
Underlying diluted EPS*	3.76p	4.73p	5.95p	8.68p	**9.99p**
Net debt	£8.41m	£5.20m	(£2.03m)	£13.42m	**£16.00m**
Cash conversion % of underlying EBITDA*	67.6%	85.3%	109.5%	50.2%	**88.9%**
Share price at 31 March	45p	57p	87p	103p	**127p**

* Before separately disclosed items, see note 2

Financial Calendar

AGM	**27 July 2016**
Final dividend payment date	**14 October 2016**
Half-yearly results	**November 2016**
Trading update	**February 2017**
Financial year end	**March 2017**
Pre-close trading update	**April 2017**
Preliminary results	**June 2017**

Glossary of terms

AER
Actual Exchange Rate

Assets
Anything owned by the company having a monetary value; e.g. fixed assets such as buildings, plant and machinery, vehicles (these are not assets if rented and not owned) and potentially including intangibles such as trademarks and brand names, and current assets, such as inventory, debtors and cash.

Average Capital Employed
Averaged using month-end balances and opening capital employed

Balance sheet
The balance sheet provides a ‘snapshot’ at a particular date in time of who owns what in the company, and what assets and debts represent the value of the company.

The balance sheet is where to look for information about short-term and long term debts, gearing (the ratio of debt to equity), reserves, inventory values (materials and finished goods), capital assets, cash, and the value of shareholders’ funds. The balance sheet equation is

Capital + Liabilities (where the money came from)
= Assets (where the money is now)

CAGR
Compounded Annual Growth Rate.

Cash flow
The movement of cash in and out of a business from day-to-day direct trading and other non-trading effects, such as capital expenditure, tax and dividend payments.

Cash flow statement
The Cash flow statement shows the movement and availability of cash through and to the business over a given period and it is fundamental that financial forecasting and reporting of cash movement and availability is accurate. For any business ‘cash is king’ and essential to meet payments for example to suppliers, staff and other creditors.

CER
Constant Exchange Rate

Current assets
Cash and anything that is expected to be converted into cash within 12 months of the balance sheet date. For example debtors, inventory.

Current liabilities
Money owed by the business that is generally due for payment within 12 months of balance sheet date. For example: creditors, bank overdraft, taxation.

Depreciation
The proportion of cost relating to a capital item, over an agreed period, (based on the useful life of the asset), for example, a piece of equipment costing £10,000 having a life of five years might be depreciated over five years at a cost of £2,000 per year.

This for example would be shown in the P&L as a depreciation cost of £2,000 per year; the balance sheet would show an asset value of £8,000 at the end of year one, reducing by £2,000 per year; and the cash flow statement would show all £10,000 being used to pay for it in year one.

Dividend
A dividend is a payment made per share, to a company’s shareholders and is based on the profits of the year, but not necessarily all of the profits. Normally a half year dividend is recommended by a company board whilst the final dividend for the year is proposed by the board of directors and shareholders consider this and vote at an Annual General Meeting.

Dividend Cover
Underlying diluted earnings per share over proposed dividend per share in the year.

Earnings before
There are several ‘Earnings before…..’ ratios. The key ones being:

- PBT — Profit/earnings before taxes
- EBIT — Earnings before interest and taxes
- EBITDA — Earnings before interest, taxes, depreciation, and amortisation
- Underlying — Profit before separately disclosed items (see note 2)

Earnings relate to operating and non-operating profits (e.g. interest, dividends received from other investments).

Gearing
The ratio of debt to equity, usually the relationship between long term borrowings and shareholders’ funds.

Goodwill
Any surplus money paid to acquire a company that exceeds its net assets fair value.

ICAEW
Institute of Chartered Accountants in England & Wales.

Intellectual Property ('IP')

This is an intangible asset such as a copyright or patent.

Copyright is the exclusive right to produce copies and to control an original work and is granted by law for a specified number of years.

A patent is a government grant to an inventor assuring the inventor the sole right to make, use and sell an invention for a limited period.

Multinational OEMs

We use this term to include all Original Equipment Manufacturers (OEMs), Tier 1 suppliers in the automotive sector and relevant key sub-contractors in the other sectors we service.

Open Ended Investment Companies ('OEIC')

Funds managed by institutional investors. These funds can mix different types of investment strategies such as income and growth, and small cap and large cap stocks. There are no bid and ask quotes on the OEIC shares; buyers and sellers receive the same price.

The value of OEIC investment and any income from it is not guaranteed and can go down as well as up and investors may not get back the original amount invested.

P/E ratio (price per earnings)

The P/E ratio is an important indicator as to how the investing market views the health, performance, prospects and investment risk of a Plc. The P/E ratio is arrived at by dividing the share price by the underlying diluted earnings per share.

Profit

The surplus remaining after total costs are deducted from total revenue.

Profit and loss account (P&L)

The P&L shows how well the company has performed in its trading activities and would cover a trading account for a period.

The P&L shows profit performance and typically shows sales revenue, cost of sales/cost of goods sold, generally a gross profit margin, fixed overheads and/or operating expenses, and then a profit before tax figure ('PBT').

Retained profit/earnings

A business profit which is after tax and dividend payments to shareholders; retained by the business and used for reinvestment.

Reserves

The accumulated and retained difference between profits and losses year-on-year since the company's formation.

Return on capital employed ('ROCE')

A fundamental financial performance measure. A percentage figure representing profit before interest against the money that is invested in the business.

Underlying EBIT ÷ Average capital employed (net assets + net debt) × 100 = ROCE

Share capital

The balance sheet nominal value paid into the company by shareholders at the time(s) shares were issued.

Shareholders' funds

A measure of the shareholders' total interest in the company represented by the total share capital plus reserves.

Trademark

The name or a symbol used by a manufacturer or dealer to distinguish its products from those of competitors. A Registered trademark is one that is officially registered and legally protected.

Working capital

Current assets less current liabilities, representing the required investment, continually circulating, to finance inventory, debtors, and work in progress.

Company and advisers

TRIFAST PLC
Incorporated in the United Kingdom
Registered number: 0191797

HEAD OFFICE AND REGISTERED OFFICE
Trifast House, Bellbrook Park,
Uckfield, TN22 1QW

Telephone: +44 (0)1825 747366

AUDIT COMMITTEE
Neil Warner (Chairman)
Jonathan Shearman
Scott Mac Meekin

REMUNERATION COMMITTEE
Jonathan Shearman (Chairman)
Neil Warner
Scott Mac Meekin

NOMINATIONS COMMITTEE
Malcolm Diamond MBE (Chairman)
Jonathan Shearman
Neil Warner
Mark Belton

COMPANY SECRETARY
Lyndsey Case

ADVISERS

REGISTERED AUDITORS
KPMG LLP
1 Forest Gate, Brighton Road,
Crawley, RH11 9PT

CORPORATE STOCKBROKER
Peel Hunt LLP
Moor House, 120 London Wall
London, EC2Y 5ET

SOLICITORS
Charles Russell Speechlys, LLP
Compass House, Lypiatt Road,
Cheltenham, GL50 2QJ

REGISTRARS
Computershare Investor Services plc
The Pavilions, Bridgwater Road, Bristol,
BS13 8AE

FINANCIAL PR
TooleyStreet Communications
Regent Court, 68 Caroline Street,
Birmingham, B3 1UG

Trifast plc

Jonesandpalmer
we think. we design. we publish.
www.jonesandpalmer.co.uk

Trifast plc

Trifast House,
Bellbrook Park,
Uckfield,
East Sussex,
TN22 1QW
Tel: +44 (0)1825 747366
Fax: +44 (0)1825 747368

Trifast plc

Jonesandpalmer
we think. we design. we publish.
www.jonesandpalmer.co.uk

Trifast plc

Trifast House,
Bellbrook Park,
Uckfield,
East Sussex,
TN22 1QW
Tel: +44 (0)1825 747366
Fax: +44 (0)1825 747368