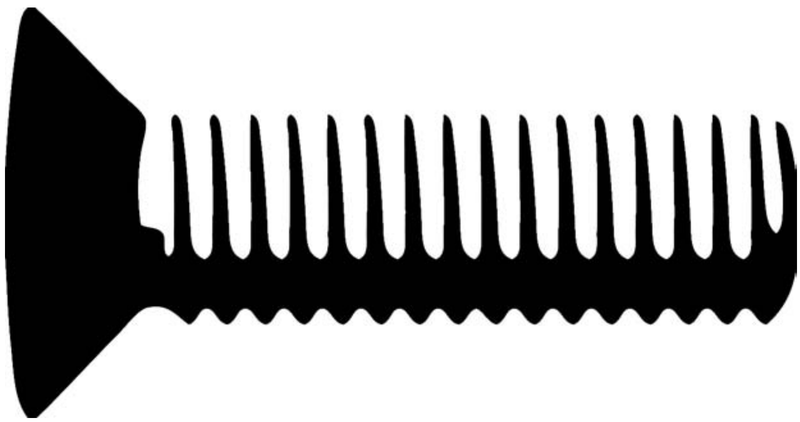
Trifast plc



CONNECTIONS

Annual Report & Accounts 2007/08

SPECIFY • MANUFACTURE • DELIVER • INTERNATIONALLY

Contents

www.trifast.com

Who we are & what we do

Trifast — Market leading, profitable, international, precision fasteners business.

The Industry — A market worth £24 billion p.a. and predicted to grow to £27.4 billion by 2010.

Established in East Sussex in 1973 as TR Fastenings Ltd., we have grown to become an international manufacturer and distributor of industrial fasteners and precision engineering components.

We floated on the London Stock Exchange in 1994 as Trifast plc, and trade as TR Fastenings in Europe and the USA and as TR Formac in Asia.

Supplying blue-chip customers in 57 countries from 30 divisions in 16 countries, we have one of the largest international footprints in the industry which gives us the ability to work with customers anywhere in the world.

From design through to bulk manufacture and supply via bespoke logistical supply solutions.

External Sales Team TR Belfast

Example of our products

Blue-chip customers and why they choose TR

TR Product			
	 Flange Torx screw for plastics	 Brass Nickel Plated Conduit Gland	 Torx Shoulder Bolt
Customer	IAC International Automotive Components	PHILIPS	LEAR CORPORATION
Customer Product			
Why customer chose TR	TR specialises in a large range of "Cockpit fastenings" for car interiors.	TR's ability to offer the same logistical solution in the UK and Poland.	TR's ability to offer 'Lean' supply solutions across many of Lear's plants in Europe and China.

Tuning screw

Flush Mounted, Thin Head
Self Clinching Standoff

Cat C item
Lenticular Animated Badge

Powerwave technologies

hp invent

NCR

TR specified globally, with consistent quality and an ability to supply on three continents.

TR's design team in the USA worked directly with HP designers to take a design concept through to prototype supply within 10 days globally.

TR's ability to supply product other than just fastenings and supply the parts globally.

Statement by the Chairman Anthony Allen

Introduction
Trifast has made positive progress against the strategic objectives set last year, despite the challenging market conditions during the 2007/2008 financial year. The main feature of the year has been an improvement in the quality of the Group's earnings, set against a reduction in sales resulting from customer site closures, planned exits from low margin business and natural attrition.

Our strategy has been to focus on the net profitability by customer which has resulted in, where necessary, tough management decisions being taken not to supply certain customers or market sectors. The impact of these actions has resulted in the operating profit moving to a seven year high of 8.2%. We now have robust systems in place to ensure that new business won by Trifast is at levels of profitability which we consider acceptable.

The investment made in our new business strategy, including seeking business opportunities in new countries, has been another key management focus this year and we expect to begin to see the benefits of these initiatives in future years.

Trifast has invested in excess of £0.5 million on key skills training and development of its staff and has introduced new methods to nurture the talent within our management pool by offering them the appropriate opportunities to fulfil their career path development.

Sales

2008	£122.36m
2007	£131.95m
2006	£117.28m

Profit* Before Tax

2008	£8.81m
2007	£8.81m
2006	£5.69m

Dividend

2008	2.80p
2007	2.43p
2006	2.21p

EPS Adjusted Diluted

2008	6.85p
2007	7.29p
2006	4.76p

* Before intangible amortisation, associate impairment, restructuring costs and IFRS 2 charges.

Whilst the current financial year is likely to remain challenging due to the upheavals in the world economy, the steps that we have already taken mean that we are working from a position of confidence in our approach to building for the future. Our focused sales approach for Europe is already showing early signs of success through a marked improvement of the level of quality enquiries, and our world-class, ISO14001 accredited facilities in Asia, continue to provide Trifast with a unique competitive advantage to satisfy the ever increasing demands of our multinational customer base.

Dividend

In line with our confidence in the Group's prospects, the Board is recommending an increased final dividend of 1.87 pence per ordinary share (2007: 1.66 pence). This, together with the interim dividend of 0.93 pence per share, makes a total for the year of 2.80 pence (2007: 2.43 pence), an increase of 15% over 2006/07.

The final dividend is subject to shareholder approval at the AGM to be held on 23 September 2008 and will be paid on 15 October 2008 to the shareholders on the register as at 27 June 2008.

People

In January we welcomed Bill Wilson as a Non-Executive Director of the Company. Bill has replaced Andrew Cripps who retired as a Non-Executive Director on 31 March 2008. In addition, Steven Tan, an Executive Director of the Company and Managing Director of our Asian operations, retired during the year. The Board would like to thank both Andrew and Steven for their valuable contribution to the Group and service over the years.

Bill Wilson is a Director of the Euronext listed company, Eriks Group NV and has been, since November 2003, Chief Executive Officer of the international engineering and distribution Group WYKO Group Ltd (part of Eriks Group NV) and brings with him a wealth of industry and international experience from which Trifast will benefit over the coming years.

On behalf of the Board, I also welcome all the new members of staff who joined the Group during the year and I would like to thank all of our employees for their hard work, commitment and dedication to the business.

Prospects

We have a number of initiatives in place focusing on the quality of sales, the identification of opportunities in new and existing markets, and capitalising on our existing Asian facilities and established supply chain. We face the future with confidence in spite of the uncertainties created by the world's financial markets.

Anthony Allen
Chairman
17 June 2008

Business Review

Steve Auld CEO
Stuart Lawson CFO

Financial and Operational Highlights:

- Pre-tax profit* £8.81 million
- Operating profit margin* at a seven year high of 8.2%
- Full year dividend increased by 15%
- Net debt reduced by £4.5 million to £8.2 million (Gearing of 15.5%)
- Cash flow from operations* strong at £11.4 million
- Investment in key skills/training for staff
- New European sales team established

Summary of Trading

Thanks to the management initiatives we have adopted, we are now enjoying better operating returns as the quality of our business has improved, despite the challenges presented by the marketplace. As a result the operating profit* is at a seven year high.

During the financial year under review we identified a number of new business opportunities which we expect to take advantage of. Our business is now focused on two major geographical areas, namely Europe and Asia, and in addition we have a smaller distributor based business in the United States.

For the first time in the Company's history more than 50% of our revenue came from customers outside the UK. This represents a focused drive into areas such as China and Central Europe and clearly demonstrates our ability to win and service customers wherever they are.

* Before intangible amortisation, associate impairment and IFRS 2 charges.

Good examples of this are two customers we have in Northern Poland. By working closely with a logistics partner we are able to offer these companies a full Direct Line Feed service without the need for our own warehouse in the region.

It is this ability to offer customers the full TR service almost anywhere on the globe that sets us apart from other fastener companies.

What are our objectives?

In defining our objectives, we look at three key areas: Market Competitiveness, Operational Excellence and Acquisitions. We have set a number of key objectives for both Market Competitiveness and Operational Excellence which are outlined on pages 10 and 11.

Market Competitiveness

We sell our products and services through three distinct channels, each of which requires its own strategy:

1. Direct Sales to large OEMs
2. Direct to smaller manufacturers
3. Via Distributors

1. Direct Sales to large OEMs

For many of our larger customers, we supply them via a single source supply solution such as Direct Line Feed (DLF) where the stock is held directly on the production line. We are often the customer's single source for all fasteners and category 'c' components which means

Sales by Destination

Marketplace Challenges and Trends in the Next Period

Price Inflation

Challenge Raw material price increases, combined with energy and fuel price increases, have resulted in our products being affected by price inflation to levels that the market has not experienced before.

Solution Staff have received in-depth training to understand why prices are moving and what the Company's requirements are.

Manufacturing Downturn

Challenge The "High Street reduction in spending" and its effect on the relevant market sectors.

Solution Our market share outside of the UK is very low. We have recruited twenty new external sales people to target sales growth.

Raw Material Shortages

Challenge The higher grade steel and stainless steel materials are seeing supply lead times extending. In some areas, raw materials are being supply rationed.

Solution Place supply requirements through to next period, e.g. order up to 12 months in advance. Pay for materials on delivery and develop strong raw material supplier relationships.

Business Review

we will supply a vast array of standard and specialist fasteners as well as products such as springs, clips and plastic parts.

Key Account Management
A clearly defined structure of Key Account Managers and Regional Sales Managers working jointly with the local TR division and our Senior Sales staff continues to ensure that both our customer satisfaction and retention levels remain high.

Sectors Strategy
One of the keys to successfully winning new business is to ensure that the right people are involved and we use the full strength of our international network. We have now appointed specific specialists from the business to help develop and expand industry sectors where we are already well established.

Our main industry sectors are:

Home Appliance & Telecoms
We are market leaders in supply solutions to white goods manufacturers, supplying many of the world's leading brands as well as developing brands in Turkey. This sector currently represents 16% of revenue.

Automotive
We supply many of the leading subcontractors to the automotive OEMs with fasteners for fascias, interior trim and seating. This sector currently represents 20% of revenue.

LCD TVs & Electronics
We are now seeing rapid growth in LCD TV production across Eastern Europe and have developed a team to specifically target this business. This sector currently represents 10% of revenue.

Information Technology
As well as working directly with OEMs such as HP, we supply 9 out of 10 of the world's largest contract manufacturers in Asia and Europe. This sector currently represents 18% of revenue.

Telecoms & Home Appliance

Automotive

LCD TV & Electronics

IT

Business Review

By working with large potential customers at corporate level and coordinating the local sales effort, these specialists dramatically increase our chances of winning new business. A recent example of this is a target Japanese LCD manufacturer with production in Poland. This involved our Tokyo engineering office working with the Company's HQ and one of our Polish sales team working with the local factory — all coordinated by the sector specialist.

In addition to our sector specialists, we have a team of people targeting market sectors where we have expertise in areas of our business but don't leverage it across the whole Group. These sectors include: Marine, Petrochem, Construction and Aerospace & Defence.

2. Direct to Smaller Manufacturers

We supply thousands of companies on a simple transactional basis. The key to this business is the product offering and efficiency of service. Primarily we supply transactional customers with TR branded products such as self-clinch fasteners and fasteners for plastic. In addition, we sell a limited range of standard fastenings in small pack quantities. Traditionally this has been a strong market for us in the UK and we are now seeing considerable transactional sales growth in a number of our overseas sites including Sweden, Norway and Hungary.

3. Via Distributors

We have two distinct channels to the distribution market. Firstly, through TR Fastenings we sell TR branded products across the UK and mainland Europe to both standard distributors and TR Master Distributors. See page 13 for more information.

Secondly, Lancaster Fastener Co., a wholly owned Trifast subsidiary, sells a limited range of standard fasteners in both small and large pack sizes across the UK and Europe.

Operational Excellence

We continue to invest a great deal of time and money in maintaining a highly trained and committed workforce to ensure we achieve consistent, high operational standards across the whole of our Group.

Acquisitions

We have set a stringent set of criteria to be used in the evaluation of all potential acquisitions. We have reviewed a number of possible acquisitions during the year and have not found any that meet these targets. We will continue to review acquisition opportunities as and when suitable targets become available.

Our key criteria for acquisitions remain:

1. Geographic development (expansion of the Trifast international footprint).
2. Market sector development (companies operating in market sectors where we have identified growth).
3. Product development (innovative products sold into our operating markets).
4. Revenue development (companies who are able to sustain earnings above industrial standards).

Aerospace & Defence

Marine

Construction

Petrochem

Business Review

In last year's annual report we introduced key objectives to support the development of our international business strategy.

Against each objective we set Key Performance Indicators (KPIs) to ensure that all of our operations are aligned with improving the business and increasing shareholder value.

Of particular note is the improvement in both customer and staff satisfaction.

Each year we carry out in-depth staff and customer satisfaction surveys and calculate an overall satisfaction score based on an average of the answers across all questions.

To achieve almost a 5% improvement in both areas in one year clearly indicates our commitment to both customer care and staff development and training.

KEY OBJECTIVE	KEY PERFORMANCE INDICATORS
To win key, large, profitable customers in Asia and Europe	New customer conversion rate
To increase market penetration of TR Branded Products	Sales of TR Branded Products
To provide customers with engineering and design data	Number of engineers registered for our web-based solution
To retain existing customers and strengthen customer relationships to maximise the available opportunities	Growth from existing customers and customer satisfaction results
To have the best trained, most committed, inspired workforce in the industry	Staff retention Staff satisfaction results
To improve the quality of our supply chain	Own manufactured spend as a % of total spend. Number of quality rejects.
To continue to operate as a socially conscious company	% of profits committed to CSR activities. Environmental audits.
To generate cash	Reduction in debt funding organic growth

Business Review

POTENTIAL CHALLENGES	2008 REVIEW	WHAT ARE WE DOING?
Raw material price increases. Pressure from large customers to reduce prices.	**Large customer conversion rate increased from 8% to 12% — Target 20%**	See pages 8 & 12
Proprietary brands becoming commodity priced	**Branded product sales increased 10% to £11 million**	See page 13
Maintaining an informative and relevant database	**Registered web users increased 18% to over 28,000**	See page 17
Centrally controlled Group contacts. Manufacturing migration to low-cost countries.	**Customer satisfaction increased by 5% per result of survey**	See pages 19 & 21
Talent management. Career development.	**Staff satisfaction increased by 5% per result of survey**	See page 23
Raw material availability, Geographical spread of suppliers. Meeting customer quality expectations.	**Quality record 99.4% (PY 99.2%). Own manufactured 14% (PY 13%)**	See page 19
Cost implications. Legislation.	**£250k of revenue committed to CSR activities in 2007/8**	See page 30
Exchange rate risk. Bad debts. Working capital requirements for new accounts.	**Net debt down 35% to £8.2 million**	See pages 89, 90 & 91

Europe, MEA and Americas

Europe

A key platform of the new Trifast business strategy was the introduction of the new business sales team in Europe and we are pleased to be able to report that this process is largely complete.

We have recruited 20 new sales people to cover the following territories: UK (6), Ireland (2),Scandinavia (2), Germany (1), France (1), Holland (1), Hungary (1), Czech Republic (1), Poland (3), Turkey (2).

We are looking to secure new business opportunities in the following market sectors: Automotive, IT, Electronics, Telecommunications and Home Appliances. This activity is being driven by both Glenda Roberts, our European Sales Director, and Keith Gibb, our European Marketing Director.

The investment we have made will undoubtedly benefit the TR Company in the future.

To be able to manage our current customer portfolio we have invested in the training of our Key Account Management Teams. These teams throughout Europe are being tasked to ensure that we are delivering in accordance with customer expectations.

The main area of focus during these next trading quarters will be how we manage price increase pressures within our valuable customer base. The price increases from raw materials, energy and fuel are running at levels that we have not experienced before in our industry, but we are well equipped as we have long-standing relationships in existence with our sales team.

The responsibility for delivering this programme is Glenda Roberts's, our European Sales Director who has been working for TR for 20 years and an Industry specialist for more than 30 years.

TR Scotland, UK

TR Stockholm, Sweden

TR USA

Europe, MEA and Americas

Stuart Lawson
European Managing Director

In addition to his Main Board role as Chief Financial Officer, Stuart has overall responsibility for the Group's European operations. Stuart's European Board colleagues are shown below.

Glenda Roberts
European Sales Director

Glenda has been in the fastener industry for 30 years, 20 of these as a Sales Director within Trifast. Glenda has overall responsibility for growing sales in Europe and developing the Group's key industrial sectors across the globe.

Seamus Murphy
European Purchasing Director

Seamus joined the Group in 2005 following the acquisition of Serco Ryan where he held the position of Finance Director. Seamus was appointed to the European Board in 2006 and is currently responsible for Purchasing, IT, Logistics and Quality.

Keith Gibb
European Marketing Director

Keith has been with the Group since 1989 and has worked in front line sales, external sales and sales management. Keith was appointed to the European Board in 2007 and is responsible for marketing, branded product sales and new sector development.

Nicola Nicholas
European HR Director

Nicola has been with the Group for over 20 years and was appointed to the European Board in 2006 with overall responsibility for the Company's HR strategy. Nicola also has responsibility for the Group's distribution sites in Sweden and Holland.

Mark Belton
Group FC & Company Secretary

Mark joined the Group as Finance Manager in 1999 having qualified as a chartered accountant with KPMG in 1994. Mark was appointed Company Secretary in 2004, Group FC in 2006 and is responsible for the Group's financial and legal operations.

Distributor Sales

Sales to other fastener distributors are a relatively small percentage of our revenue but has enormous potential for growth. Our own manufacturing, technical expertise and global sourcing capabilities allows us to offer distributors a high quality range of specialist fasteners that are often difficult to source elsewhere.

We are putting more effort than ever before into this area and the last year has seen some key changes within the team.

In December 2007, Adam John (pictured above) joined us as European Distributor Sales Manager to develop our existing distributors outside the UK, find new distributors and roll out our Master Distributor Programme. In just six months we have started supplying new distributors in France, Austria and Germany and we now have 13 Master Distributors across Europe further strengthening our geographical presence.

In early 2008, Jo Argent (above, left), who has held a number of key positions in her 20 year career at TR, took over the internal distributor sales team which services our distributors in both the UK and Europe. Jo works closely with team members such as Shirley Creasey (above, right) to push the very simple philosophy, "If we supply the right quality product when the customer needs it, we'll grow the business".

In May 2008, we also appointed Steve Barber as our external sales representative for UK distributors. Steve comes to us with over 20 years' experience in the fastener distribution industry.

Europe, MEA and Americas

MEA
Under our new market strategy we have also identified new business opportunities in the Middle East and Africa (MEA). From the MEA region we have started to win new customers providing us with a new revenue stream. The target market in this new territory is construction where we are able to provide construction screws to the standard needed in the construction market.

The Americas
In last year's Report and Accounts we announced that we would concentrate on our existing OEM customer base to ensure that these accounts received a world-class service for the products they purchase.

We introduced the Master Distributor Sales Programme (MDP) in the USA during the last trading year which is being developed. It is modelled on the European MDP which proved to be a success during the last 12 months. Currently this area is showing sales and profit growth from this programme on a month by month basis.

In summary we have in place all of the key business platforms to operate the business strategy we introduced in October 2006.

Asia

Even after 13 years of business operations in Asia the challenge for us is to keep pace with our expanding sub-contract manufacturers as they open new factory facilities. Sub-contractors are constantly in search of new low cost economies in which they can open new production facilities producing high volume consumer electronics. This challenge has become a prime focus for our own Asian factories and created a number of opportunities for Trifast.

Sales and marketing plans are being developed in Asia. We are looking to take full advantage of our expertise and capabilities in Taiwan (2 factories) and indeed Singapore. These three large manufacturing sites will be key to our future developments in this existing growth market.

We will be looking to strategically invest in this region to ensure that we remain at the cutting edge of fastener manufacture in Asia. This investment will allow us to move into potential growth markets which will cover Aerospace and Defence, Vision & Sound Technology, Medical and Marine.

Asia

Geoff Budd

Group Commercial Director

In addition to Geoff's Main Board role, he has overall responsibility for the development of the Group's Asian businesses. Geoff's Asian Board colleagues are shown below.

Albert Chan

Financial Controller, TR Asia

Albert is a Certified Public Accountant and joined Trifast in 1999 as Finance Manager of TR Singapore. He was appointed to the TR Asia Board in March 2006 and is responsible for all financial and accounting operations for TR Asia Group.

Thomas Tan

Technical Director, TR Asia

Thomas has been with the Group since 1997 following the acquisition of Formac Technologies and has more than 30 years of experience in the fastener industry. Thomas is currently responsible for the technical development of the Asian businesses.

Also in our plans we will be looking at potential new territories which will include Vietnam and India.

The growth of our business in China is totally driven by internal demand. We do not export from China and we only produce fasteners for the local market. Again we expect growth within this business sector during the next period as the established markets of IT, Electronics and Telecommunications are still progressing positively.

Value added manufacturing

As part of our drive to manufacture 'value added' fasteners, our Taiwanese subsidiary TR-SFE has in the last month acquired a MATHREAD licence. Mathread is a patented feature applied to the end of screw threads.

Recognised and specified by a number of the leading car makers, Mathread virtually eliminates the potential for cross threading fasteners in assembly. It is well documented that it costs more to install a fastener than the actual cost of the product.

Mathread improves productivity and vastly reduces the costs associated with re-work. It also improves the lot of assembly workers due to the improved ergonomics. SFE is excited to add Mathread to its existing licences which include TORX, possibly the best fastener drive system ever developed.

SFE is also investing in production and quality systems to widen the product and service capability to its customers.

MATHREAD is a trade mark of MATHREAD Inc, USA Torx is a trade mark of Accument Global Technologies.

Products & Services

Products

Our business operations stock up to 100,000 different product lines and sell 1.7 million parts per day. However, we are not classed as a general wholesaler of "commodity" fastener products.

The TR Branded Product range covers five key fastener types: fasteners for sheet metal, fasteners for plastic, controlled access fasteners, micro-diameter fasteners for palm sized products and all-metal self-locking nuts.

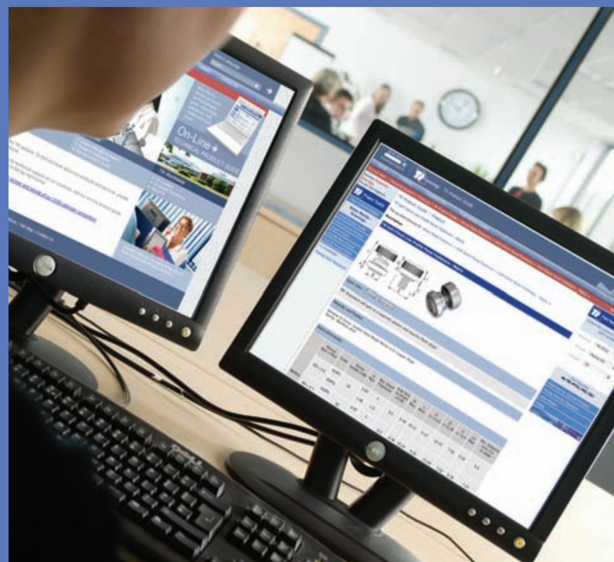
These product ranges are manufactured in our own factories and are sold direct to our large OEM customer base and also through our appointed Master Distributors in Europe and the USA.

The sale of "commodity" and indeed other manufacturers' "proprietary" branded fasteners are again part of our portfolio of stock lines supplied to our customers and we continue to develop strong business relationships with market leading proprietary brand manufacturers of fasteners. These key relationships strengthen the supply chain solutions we are able to offer our customers internationally.

Our manufacturing capabilities allow us to satisfy our customers' requirement for product support in the development of "customer specific" parts. Our engineers using up-to-date CAD CAM software can provide our OEM customers with unique fasteners that comply with their specifications.

The development of the our own supply chain has allowed our OEM customers to channel through the TR network a number of small components that are also used in sub-assembly areas. We are able to support a number of small component producers who provide parts that are consumed in electrical mining, metal stamping, welding and paint shop sub-assembly manufacturing.

This product offering has developed the TR brand into a supplier that is able to **SPECIFY : MANUFACTURE: DELIVER : INTERNATIONALLY**.



The TR Engineering website

TR's engineering website now has over 28,000 registered members and is growing every day. The site is designed to provide these engineers with technical data on different types of fasteners so they can choose the right one and specify TR as the supplier.

What engineers want are more and more products on the site and they want data as easy to access as possible. With this in mind, we are making a number of fundamental changes to the site over the coming 12 months.

- A number of premium brand fastener companies have already agreed to have their product data available via the TR site. For this service, TR charges a modest annual advertising fee. These companies recognize that the TR site is more likely to attract users than niche fastener sites dedicated to a single product range.
- The site is undergoing a complete overhaul which will make the site easier to use and provide users with engineer specific tools such as a powerful project management system. We anticipate this being completed by the end of 2008.
- With these changes to the site, we will introduce a far more focused newsletter system that allows us to target users in specific market sectors.
- We are exploring the possibility of allowing users to buy small quantities of fasteners for prototype purposes via the site.

Quality & Engineering

Picture above: Analysing the cross section of a fastening in one of our Asian factories

Quality & Engineering

Getting it right first time
— a new approach to quality and sourcing
Historically, quality within TR has been reactive to the performance of our suppliers and requirements of our customers, but this has changed.

Increasingly we need to deliver quality product direct to point of use/manufacture as customers move production facilities around low cost countries. We have to be able to follow this quickly without incurring significant additional costs.

We have to be able to match customer expectations with supplier capabilities quickly and economically.

Therefore, we have introduced a new sourcing strategy which brings the TR quality department to the forefront of the business.

The senior quality personnel have vision of the customers' performance standards at the enquiry stage and work hand in hand with the sourcing and resourcing teams to ensure that the correct supplier is used and the flow down of information to that supplier is correct. This enables the supplier to quote correctly and manufacture product which meets the requirements of our customers' application needs first time.

Essentially, we need to move the quality function back down the supply chain as there is little point checking at the point where it has already gone wrong.

The above is initiated within two areas, the first being at 'Request For Quotation' whereby the customer's contract, quality requirements, performance expectations and liability cost break-downs are reviewed, and agreed or questioned. The second area is the approval of vendors for specific market sectors.

Vendors are approved by the quality department to meet the requirements of the relevant market sector and developed to understand the flow down of customer requirements agreed at stage one. From this the sourcing strategy is used to approve vendors for relevant market sectors or to manage the approval of new vendors if gaps in the vendor base are identified.

Automotive Approval

In March 2008, TR Holland achieved approval to ISO/TS16949:2002.

Why is this important?
ISO/TS16949:2002 is a technical specification which aligns existing US, German, French and Italian automotive quality system standards within the global automotive industry.

The global automotive industry demands extremely high levels of product quality from its suppliers and so, through the International Automotive Task Force (IATF), ISO/TS16949:2002 was created to encourage improvement in the automotive industry supply chain.

As a large percentage of TR Holland's sales are to automotive customers, it was important that they achieved this approval in order to retain and grow their sales into the industry.

TR's Taiwanese manufacturing plant, TR Specialised Fastener Engineering, is also approved to this standard and a number of TR's other European distribution sites will be working towards approval over the coming months.

Distribution

Distribution

Value Added Logistics
Many of TR's largest multinational customers are moving their production around the globe to take advantage of competitive labour costs and local governmental support. It isn't commercially viable to open a TR site in every country, so it is imperative that we have flexible, low cost methods of getting product to our customers when they need it.

With over 5,000 customers in 57 countries our method of shipment has to be timely and cost-effective. Close co-operation with our air, sea and road freight partners across the world allows us to meet these objectives.

We have also established consolidated warehousing hubs in several of the major Far Eastern manufacturing countries as well as in the USA, which enables us to ship inspected, quality approved product anywhere in the world.

Our alliance with a major Global Integrated Logistics Provider means that we are able to deliver localised warehousing solutions providing our customers with a customised supply chain solution. These highly visible supply chain systems allow us to hold globally sourced stocks locally, improve stock turns and reduce the customer's in-place costs.

This alliance, combined with our consolidated warehousing hubs, allows us to ship product directly to a stocking location near the customer thereby drastically reducing transportation and handling costs. We can deliver to the customer by whichever method they require, whether it be straight to their stores or via a customised logistical supply solution.

In addition, we can assist customers in vendor base reduction programmes by resourcing or integrating existing suppliers into this robust, cost-effective supply chain.

Sunseeker — A Case Study

Sunseeker worked closely with TR Fastenings to resolve a problem they had been having when mounting their electrical component boxes whilst trying to reduce vibration and noise.

Sunseeker called in TR's Jerry Howe, an expert in fasteners for the marine industry for over 25 years, to see if together they could come up with a solution. Jerry realised that the problem could be eliminated by integrating a rubber component in with the stainless steel fastener. After calculating the ideal thread, diameter, dimensions and materials, samples were made and tested. After a few months the new part was accepted and is now in full production. Vibration is a major problem for all powerboat manufacturers and TR's solution has reduced the vibration/drumming of these units dramatically whilst maintaining a good solid fixing.

Jerry takes up the story. "We saw another opportunity, while on site at Sunseeker, to save time, produce a stronger fixing and enhance the looks of a hose clip fitting that was fixed to a bulkhead. Recognising that the job would include specialist welding we used our manufacturing base to help us with this.

" We took a branded marine hose clip and had a stud welded at exactly the right place so that as the clip is tightened the screw is accessible until tight. The outcome was a clip with a holding stud for bolting down in a permanent position. The fitter can now take the clip from the line side feed bin and fix a hose or pipe to a location permanently with the security that it will not move even under extreme conditions saving valuable preparation and fitting time. It also looks good."

Investment in Training

Investment in Training

Training
Last year we committed to investing in training our staff through clearly defined plans. During the year we have invested £458,000 and provided 40% of our staff with the opportunity to attend training programmes. These have included development training Recruitment and Selection, Academies in Purchasing and Logistics, Supervisory Training, Effective Communications and Time Management along with very specific job skills.

Career development
We have invested significantly in the development of our senior management team by giving them the opportunity to go through independent assessments which are then used to build personal development objectives.

All vacancies are advertised initially on the HR Website as we continue to encourage internal career development. By investing more money in our training programmes this means that we can offer staff career opportunities and 80% of our vacancies during this year have been filled by internal candidates moving to a more senior level. This is then supported by recruiting externally for front liners.

Recognition
This year has seen the introduction of more employee awards to thank staff for their contribution when they have done something that has required extra effort and commitment. We have also introduced annual Long Service Dinners for all staff who have over 20 years' service with the Company to recognise and say thank you for their commitment and contribution to the success of the organisation.

Staff satisfaction
The annual staff survey gives a clear indication that all the HR areas being worked on in the business, in terms of communication, training and recognition, are improving the working lives of our staff as we saw a 5% improvement in staff satisfaction over last year. This is partly as a result of projects and initiatives introduced at Group level, but also very clearly linked to the exceptional Regional HR Managers who work very hard to ensure implementation and understanding of these strategic policies. The results of the survey allows us to develop key objectives and criteria for the forthcoming year in order to see further improvement during the next 12 months.

HR Website and Communications

Working closely with our Marketing team we have developed an HR Website, the aim of which is to ensure that all staff understand what training is available to either support their current job role or their career aspirations.

The site, which is available to all staff, contains an overview for all current and future training programmes and gives an opportunity to register on the waiting list for future courses.

There are also photographic records of achievement on the website by programme for those staff who have successfully achieved their TR Qualifications.

An important part of the site is to continue to improve communication and it therefore contains copies of all of our communications posters, quarterly 'Insight' briefings and departmental newsletters.

As a further extension of the site, we have developed a Skills Directory throughout the Group. Anyone in the organisation has the opportunity to register themselves as having expert knowledge in any field and this information is accessible to all staff via the HR website. This has proved particularly valuable in product knowledge, vendor knowledge and languages.

Financial Review

How do we measure value creation?
We continue to focus on creating value for our shareholders. In this section, as last year, we will review our performance for the year just ended and present our expectations for value creation in future years.

It is our view that long-term shareholder value comes from:

1. Market Competitiveness and Reputation;
2. Operational Excellence.

In assessing whether the Group has created value, we recognise the importance of a return to shareholders. For this reason we have chosen to measure Return On Capital Employed (ROCE) and Total Shareholder Return (TSR).

What is ROCE?
ROCE is the profit before interest and tax (and pre-intangible amortisation, associate impairment, IFRS 2 charges and restructuring costs) shown as a percentage of the average total assets of a period less the current liabilities (excluding cash and short-term debt).

It is a measure of management's utilisation of the net assets at its disposal and therefore a measure of the increased value being created within the business.

What is TSR?
TSR shows the return on investment a shareholder receives over a specified time frame. It is shown as a percentage and includes both the changes in share price and dividends received.

It is a total measure of management's ability to return over time both share price increase and dividend growth to the shareholders. It is an absolute measure. An increased TSR year on year means that value has been created.

So have we created value in 2007?
We are pleased to report that we have continued to grow the returns achieved from the capital employed in the business. However, we also have to report that as with the stock market in general this year we have seen a reduction in our share price, which although mitigated to some extent by our increased dividend levels has led to an overall reduction in our total shareholder return.

	Year end 31 March 2008	Year end 31 March 2007	Percentage change
ROCE	**16.26%**	15.97%	Up 2%
TSR	**(23.15)%**	44.33%	n/a

We believe that as our recent management initiatives continue to take effect, we will improve on these percentages and therefore continue to create value in the future for our shareholders.

So how did we perform financially during the year ended March 2008?

	31 March 2008 Actual	31 March 2007 Actual	Percentage change
Revenue	**£122.4m**	£131.9m	Down 7%

Principal reasons for revenue decline in 2007/08
— Natural attrition within the business offset to some extent by new business won during the period.
— Revenue lost due to customers closing sites within Europe in the early part of the year, mainly in the electronics subcontract base.
— Revenue that we have exited from customers who did not meet Trifast's profitability levels.

	31 March 2008 Actual	31 March 2007 Actual	Percentage change
Gross profit margin*	**27.6%**	26.3%	Up 5%
Operating margin*	**8.2%**	7.5%	Up 9%

* Before intangible amortisation, associate impairment, IFRS 2 charges and restructuring costs.

Financial Review

Principal reasons for margin improvement in 2008
- — Ongoing change of mix in business to higher margin type products.
- — Improved purchasing initiatives including increased spend in Asia and more importantly in our own factories.
- — Reduction of business in lower margin accounts;
- — Increased operational efficiency throughout all our sites.
- — Reduced central Group running costs.
- — Continued focus on quality assurance and customer service levels.

	31 March 2008 Actual	31 March 2007 Actual	Percentage change
Profit before tax, intangible amortisation, associate impairment, IFRS 2 charges and restructuring costs	**£8.81m**	£8.81m	same

Principal reasons for same profit in 2008
- — Decreased revenue, see above.
- — Gross margin improvement, compensating for the reduction in revenues, see above.
- — Impact of FOREX on the consolidation of our profits from overseas subsidiaries, impact in period £0.2 million.

	31 March 2008 Actual	31 March 2007 Actual	Percentage change
Operating costs as a % of turnover*	**19.7%**	19.1%	Up 3%

* Before intangible amortisation, associate impairment, IFRS 2 charges and restructuring costs.

Tom Hook — A case study

I joined TR as a marketing apprentice in November 2006 and my initial brief was to focus on learning specialist CAD software in order to produce photo realistic graphics for the Company's website and literature.

During this period, I also began my NVQ in IT and concluded it eight months later.

Throughout my time here at TR I have been given several training opportunities including courses in graphic design, product knowledge and time management.

This training, combined with continued support and encouragement from my manager and my colleagues in marketing, has helped me develop my skills and expand my knowledge of both the department and the Company.

Recently, I was given the responsibility of organising TR's trade exhibitions which has given me the opportunity to travel in both the UK and Europe.

Marketing is a very diverse function within TR which means every day presents new challenges and the opportunity to learn more.

Financial Review

Principal reasons for decreased overhead efficiency in 2008

— Decreased revenue, see above.
— Over £0.5 million spent on training staff for the benefit of TR's future (2007: £0.1 million).
— Continued investment in the recruitment of new high calibre sales staff.
— Increased marketing costs around Mainland Europe and USA to raise the TR profile, including attendance at exhibitions.
— General inflation of salaries, especially in locations such as China, Taiwan and Hungary.
— A number of delayed restructuring costs that got charged in the year but were not provided for in the prior year provision (£0.20 million).

We are comfortable that Trifast has made satisfactory progress in most of the areas above as shown by the results. Having reduced our operating platform and improved our efficiencies over the last two years, our focus remains firmly on profitable sales growth. We currently have no sites going through any form of restructuring programme and so have all our teams focused on sales development. At this time we have an enquiry log which is greater than it has been for the last five years. This represents a substantial interest from our market in our products and services.

Restructuring Costs

During the period, we completed the final part of the planned restructuring programme and have not shown any restructuring costs in this set of reported accounts. The main impact to us in the year was the time taken to get the teams back up to speed and adapted to the new structure and the impact of the cash flow from the prior three years' restructuring provisions, which meant a cash outflow of £1.7 million.

Investments

Having spent the prior year and the first half of this year focusing on Europe and the USA, the Board spent the second half of the year looking into the Group's businesses in Asia. During this review it was concluded that the investment that Trifast has in Techfast Bhd, Malaysia (a publicly quoted company in Malaysia) had suffered what the Board considered to be a permanent diminution in value against its holding costs in the books reflected by the significant decline in Techfast's share price. To reflect this, and in line with IAS 39, the Board has decided to permanently impair £2.2 million of the value of the investment in the current period, reducing the carrying value to £0.5 million. The Company continues to work closely with the Techfast team and hopes that the Techfast business can produce stronger results in the future.

The effects of these results on Shareholder Value?

Earnings per Share

We are presenting an adjusted earnings per share measure that adds back the affect of material restructuring costs, goodwill charge and impairment and any related tax effect.

	31 March 2008 Actual per share	31 March 2007 Actual per share	Percentage change
Adjusted diluted earnings per share	**6.85p**	7.29p	Down 6%
Basic earnings per share	**4.23p**	4.70p	Down 10%

The diluted weighted average number of shares outstanding at the end of the period was 85,053,209 (2007: 84,584,980).

The reduction in the Earnings per Share calculations above was predominantly caused by the slight increase in our tax rate as a result of the movement of dividends from our Asia group to the UK.

Financial Review

Dividend Payment
The Board continues to maintain its progressive dividend policy (an average increase of 6% per year for the last 5 years) and this year, as reported in our financial statement, will declare a full year dividend growth of 15% on the prior year, which reflects the Board's confidence in the Group's prospects. Although on the face of it taking our dividend cover slightly below our targeted 3 times (2.7 times), once adjusted for the one-off associate impairment costs, it represents cover of 3.8 times.

	31 March 2008 Actual per share	31 March 2007 Actual per share	Percentage change
Final dividend payment	**1.87p**	1.66p	Up 13%
Full year payment	**2.80p**	2.43p	Up 15%

Have We Managed Our Assets Successfully?
As shown, we have grown ROCE by 2% with the successful management of our working capital.

The stock level reduced slightly to £25.26 million (2007: £25.61 million) reflecting an underlying decrease in customer specific stock held and an increase in own branded product ranges held for the growth of the Master Distribution Programme (sales to distributors in the area of the world where we do not have a strong physical presence). We continue to focus on this area and drive initiatives to increase the return we generate from our stock asset using our strong Asian supply chain solutions. The stock reduction programme this year has been hit by the reduction in revenues from some larger customers and the increased stock holding of raw materials in the factories to protect us from the raw material price increases that have been ongoing during the last quarter of the year.

Capital expenditure was in line with depreciation levels during the period at £1.11 million (2007: £0.70 million). This slight increase reflects a period of investment in our sites following a period of low investment during the restructuring process.

Kelly Bennett — A case study

I joined TR as an apprentice in May 2006 at the age of 17. In the two years I have been with TR I have completed a Business and Administration level 2 NVQ and am about to complete level 3.

I was the first person in the Black Country to complete the LA Life programme, an initiative developed by the Black Country Learning & Skills Council and Black Country Connexions, to help young people in the area to realise their potential through training and qualifications.

I currently work in the reception area, welcoming all internal and external visitors. In addition to this I have a number of other responsibilities, including sales administration support and local HR support.

More recently I was given the opportunity to be the marketing representative for our location which requires me to work closely with the Marketing team in East Sussex and ensure that our division maintains the right corporate image.

I aim to keep working hard and be as successful as possible in my main role and in the support I provide the HR and Marketing departments.

I really enjoy working for TR as they continue to give me all the support, encouragement and training I need to develop my career.

Financial Review

Our gross debt figure has reduced by £2.73 million to £16.46 million (2007: £19.19 million) and our net debt figure has reduced by £4.51 million to £8.21 million (2007: £12.72 million). This is a result of continued tight controls on customers' cash collection and suppliers' payments and a slight reduction in the cash outflow relating to restructuring costs from previous years relative to the prior year.

Cash generation from operating activities was strong with £11.40 million (2007: £10.88 million) being generated before the cash impact of the prior year's exceptionals of £1.70 million, an increase of 5%.

At the year end the Group held net cash of £8.25 million (2007: £6.47 million). This has resulted in a reduced gearing level of 16% (2007: 26%), which leaves the Group with the capacity to pursue its strategic plans.

Our £8.62 million gross cash balance at the year end was held in foreign currencies. As a Group, our policy is to monitor exchange rates and buy or sell currencies in order to minimise our open exposure to foreign exchange risk, but we do not speculate on rates. During the year we have managed this exposure well with the net impact of our trading FOREX at a loss of £0.2 million for the year (2007: nil impact).

Depreciation charges were similar at £1.15 million (2007: £1.17 million). We expect this to remain relatively constant for 2009.

Funding Our Operations

The business continues to generate cash for investment in both organic growth and future acquisitions. We will continue using some of the cash to strengthen the balance sheet by paying down debt. Some £2.38 million (35% of free cash flow) will go to shareholders by way of dividend to give them a return on their investment.

To finance our operations the Board continues its policy of using a combination of retained earnings and external financing raised principally in the UK by the Parent Company, either in the form of debt or on the equity markets.

The net interest payable increased this year to £1.28 million (2007: £1.03 million) due to the increase in the interest rates and the increased average debt during the period as a result of the impact of the increased debt in 2007. We continue to regularly review all of our loans (which are currently all at variable rates) to ensure that we are getting a competitive interest rate level and that we are comfortable with the exposure to interest rate movements.

	March 2008	March 2007	Banking covenants
EBITDA: Net Interest*	**8.8 times**	10.7 times	≥ 3 times
Net Debt: EBITDA*	**0.7 times**	1.2 times	≤ 3 times

* Being earnings before interest, tax, depreciation and goodwill amortisation, associate impairment and also before restructuring costs.

The banking facilities are adequate for the current business requirements and offer headroom for future growth. We continue to review our banking facilities on an annual basis.

Financial Review

Taxation

The net charge for the year was £2.41 million (2007: £1.45 million) which, after adjusting for associate impairment, represents an effective tax rate of 29% (2007: 27%).

During the period, the Group generated greater profits in its lower tax regions but also suffered an increased tax charge as a result of the level of profits paid up by dividend from the Asian group to the UK. Although this increases our tax rate by 11 percentage points this is still the most effective way to repatriate funds to the UK Parent Company and means that our expected effective tax rate moving forward is 30%.

Pensions

Trifast plc operates Defined Contribution schemes (e.g. Stakeholder) and so has not had to report any valuation shortfalls. All scheme payments are up to date and we see no financial exposure to the Group with these schemes.

Our Summary of 2008

We remain committed to our long-term objective of profitable sales growth, with the focus being on the quality of business won. We have targeted particular growth areas and the business has been restructured so that we can provide the flexible solutions and excellent service levels that our customers demand. We have a strong management team and a highly motivated and experienced workforce and the breadth and spread of our customer base, both geographically and in industrial sector, gives the Board confidence that Trifast will effectively manage the challenges ahead.

Steve Auld
Chief Executive Officer
18 June 2008

Stuart Lawson
Chief Financial Officer

Becky Stanbridge — A case study

I was taken on as an Administrative apprentice within TR a year and a half ago and after 9 months I had completed an NVQ level 2 in Business Administration.

Coming into the business with a fresh and open mind and absolutely no knowledge of office life, I was lucky to be given a role which meant working with a variety of different people and departments.

My manager and colleagues have given me constant encouragement and, as my strengths and weaknesses have been acknowledged and developed, my responsibilities have grown around them.

I have been given a lot of training opportunities, internal as well as external, which have helped me to develop my skills further and allowed me to meet a lot of people within the Company.

I have also travelled to different TR sites around the UK which gave me the opportunity to meet people that I talk to on the phone and learn more about the Company.

More recently, I have taken on a new role as an HR Assistant working with the HR team around Europe and I am looking forward to many more challenges ahead.

Corporate Social Responsibility

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

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

Our full CSR Report can be read on the Group's website www.trifast.com.

Business Ethics
We expect all of our business activities to be conducted in accordance with high standards of ethical conduct and full compliance with all applicable national and international laws. We, in turn, apply these standards to all dealings with customers, suppliers, employees and other stakeholders.

Our Code of Business Ethics and Responsible Behaviour provides a guide to the way we achieve our business goals, helping us to behave in an open and ethical manner. This extends to provisions for 'whistle-blowing' whereby employees may report suspected wrongdoings in confidence. Appropriate ethical behaviour is reviewed as part of the Group's performance appraisal process.

We have extended this Code to our vendors/suppliers. This requires our key strategic suppliers to work towards achieving, as a minimum, standards covering such issues as the environment, employee health & safety and the prohibition of child labour. We are ensuring, through business reviews and visits, that our key suppliers are in compliance, thereby encouraging good practice in our supply chain.

We will do our utmost to contract only with subcontractors or suppliers who themselves adhere to international human rights and environmental laws and practices. Trifast commits through review programmes to monitor the ethical performance of its key suppliers and to taking immediate steps in cases where the ethical performance of its key suppliers comes into question.

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

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

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

The Managing Directors/General Managers ensure regular inspections and annual internal audits of health & safety performance and also have regular designated health & safety training. These audits have been successfully reinforced by the use of the British Safety Council. Our health & safety performance and significant risk exposures are reviewed regularly by management and the Board.

Environment
Good environmental practice and the impact that our operations have on the environment are of great importance to Trifast. The main aim of Trifast's Environmental Policy is to comply with all relevant legislation in all areas in which we operate and to adopt responsible environmental practices.

We have established a process for monitoring legislation and acting upon it where necessary. Business units are required to comply with Group policy and local statutory regulations and are committed to setting their own environmental targets such as improving energy efficiency, reducing waste and increasing recycling in conjunction with Group objectives.

In respect of waste management specifically, we use the services of an external professional agency to

Corporate Social Responsibility

manage and monitor activities using health check compliance audits and advice on data collection systems. Promoting recycling, we follow the agency's recommendation for appropriate waste disposal.

Group performance and risk reviews are undertaken via Management Review on a regular basis and reported directly to Steve Auld, Chief Executive who has Main Board responsibility for the Group's Environmental Risk Policy.

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

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

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

The introduction of Works Councils throughout most of our European locations has proved a positive mechanism for staff and management to work together to achieve a constructive working environment that provides a good communication base to share ideas and "Best Practice".

SAFEPOINT
INFORMING THE NEXT GENERATION

SafePoint, originally established by Marc Koska, OBE, is a registered charity which promotes the philosophy that "Every man, woman and child deserves the right to a safe injection".

It is sad that in many parts of the world not all injections are safe due to needles being used more than once. Unfortunately, most of the people in these countries are completely unaware of this and over one million people die each year due to unsafe injections.

SafePoint's aim is to educate people to ensure that every injection is safe, working directly in some of the poorest parts of the world and through partners such as Save the Children and Rotary International.

SafePoint's main focus regions are India, Indonesia, Vietnam, East Africa and Pakistan.

Trifast continues to support SafePoint with monthly contributions towards their running costs. In addition, we encourage staff to organise fund-raising events. The most recent event saw a team led by our UK General Manager, Callum Pye, walk 27 miles then canoe for a further 28 miles in aid of SafePoint.

For more information visit:
www.safepointtrust.org
www.marckoska.com

Directors' Report

The Directors present their Directors' report and financial statements for the year ended 31 March 2008.

Results and proposed dividends
Total Group revenue was £122.36 million (2007: £131.95 million) and the profit for the year before taxation was £6.00 million (2007: £5.43 million). Profit before associate impairment, IFRS 2 charges, intangible amortisation, goodwill impairment and taxation was £8.81 million (2007: £8.81 million).

The Directors recommend a final dividend of 1.87p (2007: 1.66p) per ordinary share is to be paid on 15 October 2008 to shareholders registered at the close of business on 27 June 2008 making, with the interim of 0.93p (2007: 0.77p) per ordinary share, a total of 2.80p (2007: 2.43p) per ordinary share for the year. The final dividend has not been included within creditors as it was not approved before the year end.

Dividends paid during the year comprise a final dividend of 1.66p (2007: 1.48p) per ordinary share in respect of the previous year ended 31 March 2007, together with an interim dividend in respect of the year ended 31 March 2008 of 0.93p (2007: 0.77p) per ordinary share.

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

A review of the business activity and future prospects of the Group are covered in the Chairman's Statement and the Directors' Business Review.

This includes that information to be included in the Directors' Report as required by the enhanced business review under s234ZZB of the Companies Act 1985.

A balanced and comprehensive review of the development and performance of the Group and its position at the year end is given on page 6. An analysis of key performance indicators is given on page 10.

A description of the principal risks and undertakings facing the Group are discussed on page 7.

A description of the main trends and factors likely to affect future development is given on page 7.

Information on environmental and social issues is provided on page 30.

Annual General Meeting
The Annual General Meeting will be held on 23 September 2008 at Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

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

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

The number of days' purchases in trade payables at the end of the financial year for the Company was 41 (2007: 40) and 76 (2007: 78) for the Group.

Directors and Directors' interests
Details on how the Company appoints and replaces Directors is disclosed in the Corporate Governance Report.

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

Chairman (Non-Executive Director)
A V Allen

Executive Directors
S Auld — (Chief Executive Officer — appointed as CEO on 1 June 2007)
J C Barker — (Chief Executive Officer — resigned 31 May 2007)
G P Budd
S Lawson — (Chief Finance Officer)
S Tan — (Resigned 7 January 2008)

Non-Executive Directors
A Cripps — (Resigned 31 March 2008)
E G Hutchinson
B Wilson — (Appointed 8 January 2008)

The Directors' remuneration and their interests in share capital are shown in the Remuneration Report on page 36.

Directors' Report

Substantial shareholdings

Details of the share structure of the Company are disclosed in note 23.

As at 31 May 2008, the Company was aware of the following material interests representing 3% or more of the issued share capital of the Company:

	No. of shares held	% of shares held
Gartmore Investment Management Limited	10,404,468	12.25
Michael C Timms (including family interests)	7,750,000	9.12
Axa (Institutional Group)	7,746,897	9.12
Fidelity Investment Management	7,000,000	8.24
Hermes Pension Management	6,618,957	7.79
UBS AG London Branch	6,265,154	7.37
Michael J Roberts	5,960,000	7.01
Liontrust Asset Management	4,917,333	5.79
Schroder Investment Management Limited	4,742,536	5.58
Universities Superannuation Scheme Ltd (USS)	2,738,265	3.22

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. Further details can be found in our Corporate Social Responsibility Statement which can be found on our website www.trifast.com.

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

Political and charitable contributions

During the year the Group made no political donations (2007: £nil) and various charitable contributions totalling £12,106 (2007: £24,457).

Disclosure of information to auditors

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

Auditors

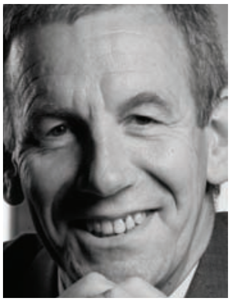
In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

M Belton
Company Secretary
Trifast House, Bellbrook Park
Uckfield, East Sussex, TN22 1QW
17 June 2008

Student photographer Reuben Le Prevost created this image of a fastener showing how our products can be transformed into interesting and aesthetic subject matter. TR Fastenings is always keen to support the arts helping to inspire and encourage creativity in young people both internally and in the community.

Reuben is currently studying photography at London College of Communication

Board of Directors



Anthony Allen — Non-Executive Chairman

Anthony joined the Group in January 2003 as a Non-Executive Director and became Chairman on 1 January 2004. He brings extensive corporate experience to the Group gained during a 35 year career with N M Rothschild & Sons Limited.

Eric Hutchinson — Non-Executive Director

Eric trained as an Accountant with Thomas McLintock & Co. (which has since become part of KPMG LLP). He was appointed to the Board as a non-executive Director on 21 June 2004. Eric has worked for Spirent plc (formerly Bowthorpe Holdings PLC) since 1983. Before being appointed Group Finance Director of Spirent plc in 2000, he was the Head of Financial Reporting and Control for 12 years. He chairs Trifast's Audit Committee and sits on the Remuneration and Nominations Committees.

Bill Wilson — Non-Executive Director

Bill is an Executive Director of the Euronext listed company Eriks Group NV and before that Chief Executive Officer of the international engineering and distribution organisation WYKO Group Ltd and brings with him a wealth of industry and international experience from which Trifast will benefit over the coming years. Bill was appointed to the Board as a Non-Executive Director on 8 January 2008, chairs Trifast's Remuneration Committee and sits on the Audit Committee.

Board of Directors

Steve Auld — Chief Executive Officer

Steve was appointed as an Executive Director on 13 October 2005, following the acquisition of Serco Ryan. He has spent 24 years in the fastenings industry and has a wealth of commercial experience. Steve joined the Serco Ryan Board in March 1990 as Sales and Marketing Director and in July 2004, was appointed Managing Director to oversee the reorganisation of the Company. He is also President of the European Fastener Distributor Association (EFDA) and Chairman of the British Association of Fastener Distributors (BAFD).

Stuart Lawson — Chief Financial Officer

Stuart joined in 1995 as UK Finance Director and Group Company Secretary. He was subsequently appointed to the Trifast Board in 2003. Prior to this Stuart was with KPMG for six years where he qualified as a Chartered Accountant. Before being appointed to the Trifast Board, he held the positions of Group Financial Controller, European Finance Director and Managing Director of the Group's Scandinavian operations. In addition to his Main Board responsibilities, Stuart is also Managing Director of the Group's European operations.

Geoff Budd — Executive Director

Geoff joined the Company in 1976 and became a member of the Board in 1986. During his time at TR, Geoff has been involved in many areas of the business including manufacturing, purchasing and product development. Geoff is currently responsible for developing our Asian Business.

Directors' Remuneration Report

(Information not subject to audit)

The Directors present the Remuneration Report for the year ended 31 March 2008. This report has been prepared in accordance with The Directors' Remuneration Report Regulations 2002 ("the regulations"). The Auditors are required to report on the 'auditable' part of this report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the regulations). The report is therefore divided into separate sections for audited and unaudited information. In accordance with schedule 7A of the Companies Act, this report has been approved by the Board for approval by shareholders at the forthcoming Annual General Meeting.

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

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

The Committee is composed entirely of independent Non-Executive Directors. Its current members are Bill Wilson (Chairman with effect from 1 April 2008), Anthony Allen and Eric Hutchinson. The Chairman during the year was Andrew Cripps who resigned on 31 March 2008. Members have no day-to-day involvement in the running of the business and no personal financial interest in the Company other than that of shareholders. No Executive Director sits on the Committee. The Remuneration Committee is formally constituted with written Terms of Reference. A copy of the terms of reference is available to shareholders by writing to the Company Secretary, whose details are set out on page 101 of the Report and Accounts.

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

The Committee is advised on matters relating to Directors as required. It has appointed Halliwell Consulting, an independent executive compensation and share scheme consultancy, to advise on remuneration matters.

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

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

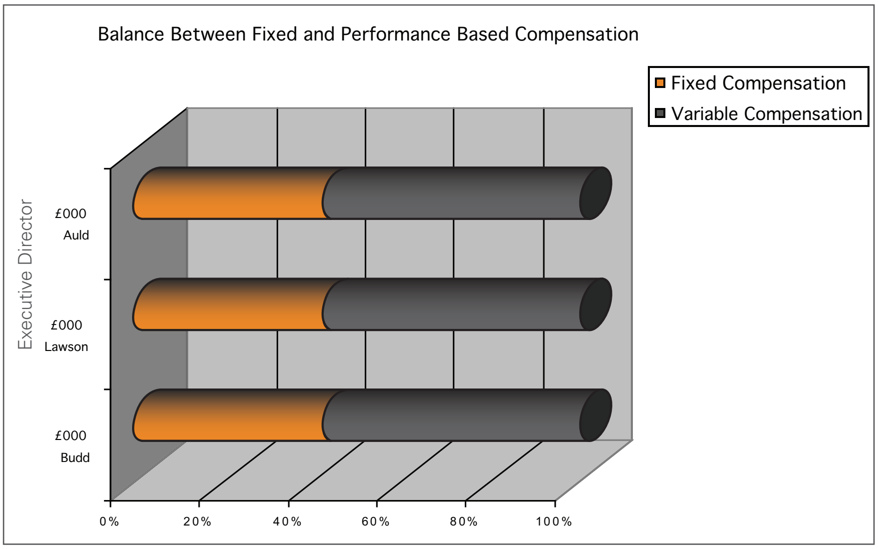
The overriding principles behind the policy are that levels of salary should be competitive and balanced with the opportunity to earn generous rewards from short and long-term incentives to the extent of achievement of stretching performance targets which lead to the enhancement of shareholder value.

Directors' Remuneration Report

(Information not subject to audit)

The chart below demonstrates the balance between fixed and maximum variable performance based pay, assuming all performance conditions are satisfied in full for each Executive Director for the year ended 31 March 2008.

Actual remuneration of the Executives is shown in the table on page 44.



Key
Fixed Compensation — Salary, Pension Contribution, Benefits
Variable Compensation — Maximum Bonus Potential, Expected value of LTIP Award

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

Base Salary
The policy of the Committee during the period ended 31 March 2008 was to set base salaries around the lower quartile to median of an appropriate comparator group.

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

- Objective research based on a review of the remuneration in UK quoted companies with similar corporate attributes drawn from the following industry sectors:
  - Support Services
  - Engineering and Machinery
  - Electronic and Electrical Equipment
  - Engineering
- The performance of the individual Executive Director.

(Information not subject to audit)

- Experience and responsibilities of each Executive Director.
- Pay and conditions throughout the Group.

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

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

Pension
Steve Auld is a member of the Company's non-contributory pension plan. This is an Inland Revenue approved defined contribution scheme. The rate of Company contribution to this scheme is 20% of basic salary. The normal age of retirement is 65 years. Geoff Budd and Stuart Lawson do not participate in the Company plan and the Company has agreed to make a contribution of a maximum of 20% of current basic salary into their private pension schemes.

The pension provision is in line with market practice.

Annual Bonus Payment
For the year ended 31 March 2008 the maximum bonus potential is 70% of salary. This is the median level of maximum bonus potential within the comparator Group. Bonus payments are not pensionable. Performance targets are linked to Earnings per Share ("EPS") growth (up to 50% of salary) and objective personal financial targets (up to 20% of salary), except for the year ended 31 March 2008 The Committee determined that the following bonuses would be paid, expressed as a percentage of salaries on 31 March 2008:

Steve Auld	20%
Stuart Lawson	20%
Geoff Budd	20%

Bonus targets are reviewed and agreed by the Committee at the beginning of each financial year. The performance measures for the annual bonus are reviewed annually by the Committee to ensure that they are appropriate to the current market conditions and the position of the Company, so that they continue to remain challenging for the year ending 31 March 2009.

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

The Company believes that the LTIP is closely aligned to the Company's business strategy and the delivery of performance by Executive Directors. The LTIP is designed to lock in Executive Directors and to motivate them

Directors’ Remuneration Report

(Information not subject to audit)

through the opportunity to earn competitive levels of financial reward on the achievement of demanding performance targets linked to the Company’s long-term strategy.

Full details of the awards made to Executive Directors under the LTIP are contained in the audited section of this report on page 43.

It should be noted that the Company will not grant any Executive share options to individuals who have been granted awards under the LTIP.

The Executive Directors may also participate in the Trifast Savings Related Share Option Scheme that is open to all UK employees and is Inland Revenue approved. The Scheme offers 3, 5 and 7 year savings contracts which provide an option to purchase shares after maturity at a discount to the share price on the date the contract is taken out (the maximum discount is 20% of mid-market price).

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

Contracts
a) Executive Directors
During the year all Executive Directors had rolling service contracts, under which the Company had the right to give 12 months’ notice of termination (or payment in lieu) and the Director had also to give 12 months’ notice.

The Board is confident that these rolling contracts with a notice period of 12 months (and contractual termination payments) are appropriate for the business and in accordance with best practice Corporate Governance.

The dates of the Executive Directors’ contracts are:

S Auld	13 October 2005
S Lawson	1 January 2003
G Budd	17 April 2003

No Executive Directors held any position, either Executive or Non-Executive, outside the Group during the year.

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

A V Allen	1 January 2003
E G Hutchinson	21 June 2004
B Wilson	8 January 2008

All Non-Executive Directors have one month notice periods and no contractual termination payments.

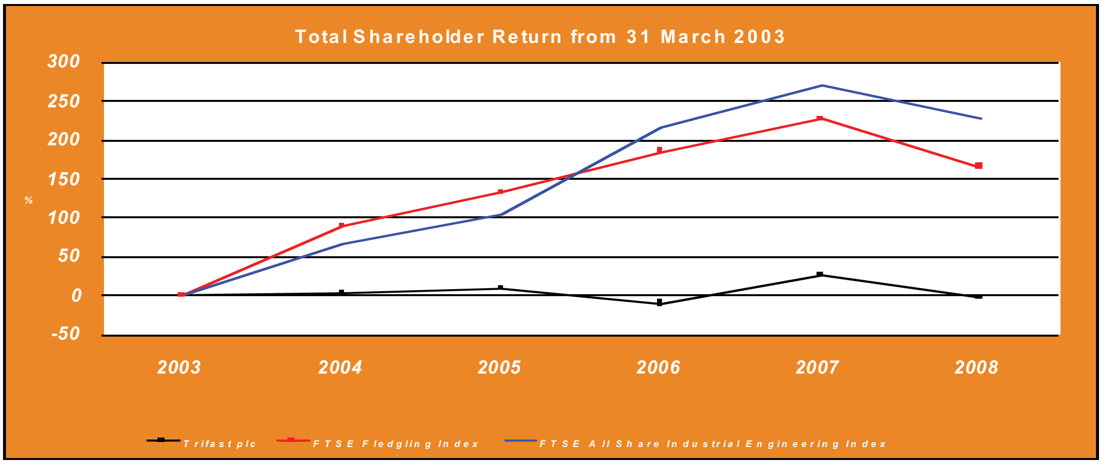
Directors' Remuneration Report

(Information not subject to audit)

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

c) Performance Graph

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



The Remuneration Report (including accompanying notes) was approved by the Board of Directors on 17 June 2008 and was signed on its behalf by:

Bill Wilson
Chairman of Remuneration Committee

Notes to the Directors' Remuneration Report

(Information subject to audit)

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

	Number of shares Interest at end of year	 Interest at beginning of year
A V Allen	30,000	30,000
S Auld	60,000	60,000
G P Budd	235,955	235,955
E G Hutchinson	10,000	10,000
S Lawson	146,726	113,626

There were no non-beneficial interests.

The Directors retiring by rotation are Steve Auld and Eric Hutchinson who hold one-year rolling service contracts with the Company and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Bill Wilson was appointed to the Board on the 8 January 2008 and, accordingly, will stand for election at the forthcoming Annual General Meeting.

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

Number of options

	Date granted	Option Price £	At 31 March 2007	Options granted in the year	Options cancelled in the year	Options exercised in the year	**At 31 March 2008**
J C Barker	20 July '98	1.52	120,000	—	—	—	**120,000**
(resigned 31.5.07)	17 Dec '99	2.51	92,000	—	—	—	**92,000**
	24 July '00	2.69	70,100	—	—	—	**70,100**
	2 July '03	0.65	200,000	—	—	—	**200,000**
	27 Sept '04	0.73	200,000	—	—	—	**200,000**
G P Budd	20 July '98	1.52	120,000	—	—	—	**120,000**
	17 Dec '99	2.51	92,000	—	—	—	**92,000**
	24 July '00	2.69	64,800	—	—	—	**64,800**
	2 July '03	0.65	125,000	—	—	—	**125,000**
	27 Sept '04	0.73	160,000	—	—	—	**160,000**
S Lawson	11 Aug '98	1.52	20,000	—	—	—	**20,000**
	17 Dec '99	2.51	20,000	—	—	—	**20,000**
	24 July '00	2.69	48,600	—	—	—	**48,600**
	7 Aug '01	0.91	25,000	—	—	—	**25,000**
	2 July '03	0.65	75,000	—	—	—	**75,000**
	27 Sept '04	0.73	160,000	—	—	—	**160,000**
	SAYE options	0.50	33,100	—	—	(33,100)	**—**
	SAYE options	0.75	—	21,833	—	—	**21,833**
S Tan	11 Aug '98	1.52	20,000	—	—	—	**20,000**
(resigned 7.1.08)	7 Aug '01	0.91	60,000	—	—	—	**60,000**
	27 Sept '04	0.73	160,000	—	—	—	**160,000**
S Auld	SAYE options	0.50	32,200	—	—	—	**32,200**

Notes to the Directors' Remuneration Report

(Information subject to audit)

No other Director held share options in the year.

The options granted on 20 July 1998 are exercisable between July 2001 and July 2008 at an exercise price of £1.52 per share.

The options granted on 11 August 1998 are exercisable between August 2001 and August 2008 at an exercise price of £1.52 per share.

The options granted on 17 December 1999 are exercisable between December 2002 and December 2009 at an exercise price of £2.51 per share.

The options granted on 24 July 2000 are exercisable between July 2003 and July 2010 at an exercise price of £2.69 per share.

The options granted on 7 August 2001 are exercisable between August 2004 and August 2011 at an exercise price of £0.91 per share.

The options granted on 2 July 2003 are exercisable between July 2006 and July 2013 at an exercise price of £0.65 per share.

The options granted on 27 September 2004 are exercisable between September 2007 and September 2014 at an exercise price of £0.73 per share.

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

The market price of the ordinary shares at 31 March 2008 was £0.58 (2007: £0.80) and the range during the year was £0.51 to £0.89 (2007: £0.48 to £0.87).

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

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

Notes to the Directors' Remuneration Report

(Information subject to audit)

LTIP Awards over shares of 5p each
Details of the awards made to Executive Directors under the LTIP are shown below:

Executive Directors	Date of grant	Share price at date of grant	Value of Shares Conditionally Awarded		Date of the end of the holding period
			Number	Value at date of grant	
G P Budd	21.09.2005	70.00p	220,000	£154,000	21.09.2008
	31.07.2006	54.25p	300,000	£162,750	31.07.2009
	31.07.2007	82.25p	210,942	£173,500	31.07.2010
S Lawson	21.09.2005	70.00p	220,000	£154,000	21.09.2008
	31.07.2006	54.25p	300,000	£162,750	31.07.2009
	31.07.2007	82.25p	248,024	£204,000	31.07.2010
S Auld	31.07.2006	54.25p	300,000	£162,750	31.07.2009
	31.07.2007	82.25p	688,146	£566,000	31.07.2010

Performance Condition — The release of LTIP Awards is dependent upon the average growth of the Company's return on capital employed ("ROCE") over the three year holding period. The table below sets out the vesting schedule for the LTIP Award at the date of grant:

Average ROCE over three year holding period	Percentage of LTIP Award released
Below 12%	0%
12%	25%
14%	50.0%
16%	75.0%
18%	100.0%

Straight-line vesting between points.

In addition, LTIP Awards will only be released if the Company's comparative total shareholder return is at least at the median of the total shareholder return of the companies comprising the FTSE All Share Index at the date of grant over the holding period.

Notes to the Directors' Remuneration Report

(Information subject to audit)

Directors' Remuneration
MARCH 2008

Name	Fees £000	Salaries £000	Bonus £000	Benefits in kind £000	Subtotal £000	Pension £000	Total £'000
Chairman							
A V Allen	65	—	—	—	65	—	65
Executive Directors							
J C Barker (resigned 31.5.07)	—	—	—	—	—	—	—
G P Budd	—	174	35	19	228	35	263
S Tan[1] (resigned 7.1.08)	152	—	—	—	152	—	152
S Lawson	—	204	41	18	263	41	304
S Auld	—	283	57	18	358	57	415
Other Non-Executive Directors							
E G Hutchinson	33	—	—	—	33	—	33
A Cripps (resigned 31.3.08)	33	—	—	—	33	—	33
B Wilson (appointed 8.1.08)	8	—	—	—	8	—	8
Totals	291	661	133	55	1,140	133	1,273

MARCH 2007

Name	Fees £000	Salaries £000	Bonus £000	Benefits in kind £000	Restructuring Cost[2] £000	Subtotal £000	Pension £000	Total £'000
Chairman								
A V Allen	65	—	—	—	—	65	—	65
Executive Directors								
J C Barker (resigned 31.5.07)	—	250	175	18	360	803	50	853
G P Budd	—	167	—	19	—	186	33	219
S Tan[1] (resigned 7.1.08)	51	152	122	10	—	335	1	336
S Lawson	—	177	124	18	—	319	35	354
S Auld	—	167	117	18	—	302	33	335
Other Non-Executive Directors								
E G Hutchinson	32	—	—	—	—	32	—	32
A Cripps (resigned 31.3.08)	32	—	—	—	—	32	—	32
Totals	180	913	538	83	360	2,074	152	2,226

1 The amounts shown for Steven Tan are translated using the average exchange rate for the period as he is paid in Singapore dollars.

2 The restructuring cost for J C Barker is a provision for compensation for loss of office following his stepping down form the Board on 31 May 2007.

Corporate Governance

Throughout the year to 31 March 2008, the Company complied with the provisions of the revised Combined Code on corporate governance issued by the Financial Reporting Council in June 2006 (as amended) ("the Combined Code").

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

The Board
Currently the Board consists of three Executive Directors, two Non-Executive Directors and a Chairman. All Non-Executive Directors, excluding the Chairman, 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 is also considered by the Board to be independent. The Non-Executive Directors, excluding the Chairman, met once during the year without the Executive Directors being present.

The Senior Independent Non-Executive Director was Eric Hutchinson who was chosen due to his Executive Board experience with other companies.

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

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

A V Allen	6
J C Barker (resigned 31.5.07)	1
S Lawson	6
G P Budd	6
S Auld	6
E G Hutchinson	6
A Cripps (resigned 31.3.08)	6
S Tan (non-UK based) (resigned 7.1.08)	1
B Wilson (appointed 8.1.08)	1

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

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

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

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

Corporate Governance

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

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

The Board has delegated specific responsibilities to Committees, as described below:

The Audit Committee
The Audit Committee consists entirely of independent Non-Executive Directors. It is chaired by Eric Hutchinson and has met twice in the year. It provides a line of communication between the Board and the external Auditors. The Committee reviews the Group's interim and annual financial statements before submission for approval by the Board, reviews the effectiveness of internal controls and considers any matters raised by the Auditors.

The Committee is considered adequately qualified with all members having strong financial backgrounds and the Chairman (Eric Hutchinson) is a qualified FCCA, currently working in industry as a Group Finance Director.

For remuneration details, see the tables on page 44.

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

During the period the Committee felt that, given the size of the Group, it was valuable having the Group Chairman attending the committee meetings.

The Remuneration Committee
The Remuneration Committee comprises independent Non-Executive Directors and was chaired during the year by Andrew Cripps. Andrew Cripps resigned on 31 March 2008 and subsequently the chair was taken by Bill Wilson. They meet as required during the year to review and determine the terms and conditions of employment of the Executive Directors and senior management, including levels of remuneration and other benefits. During the period the Committee met on five occasions.

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

Corporate Governance

Shareholder relations
The Group has a website, which is continually updated to ensure that shareholders are fully aware of the Group's activities: www.trifast.com. The Group's registrar, Computershare, is also linked to the Trifast website and offers services for the shareholders.

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

Fairfax — Institutions
Smithfields — Press and Analysts
Redleaf — Specialist, focusing on Private Client Brokers (PCBs)
Edison — Analyst information available to everyone

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

Going concern report
After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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

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

Further details can be found in our Corporate Social Responsibility Statement which can be found on our website, www.trifast.com.

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

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

The key elements of the system are as follows:

- Full detailed reviews of the business risks undertaken as part of the ongoing day-to-day procedures of the business.

Corporate Governance

- An organisational structure with clearly defined lines of responsibility and delegation of authority.
- Group policies for financial reporting, accounting, financial risk management, information security, capital expenditure appraisal and Corporate Governance are all well documented.
- Detailed annual budgets and rolling forecasts are prepared for all operating units and reviewed/approved by the Board.
- Regular 'Healthcheck' reviews are undertaken at each site to cover both operational and financial controls with reports reviewed by the Audit Committee.
- Performance against budget is monitored closely and material variances are reported to the Board on a monthly basis. Rolling forecasts are updated quarterly and reviewed accordingly.
- The control system is operated with the full co-operation of all Company Directors in a controlled manner. Risk assessments are done at all levels from local divisional right up to Main Board with the summaries all being fed up to Main Board for review.
- The Audit Committee deals with any significant control issues raised by the external Auditors.
- Well-structured reporting lines to the Board. There is a formal schedule of matters specifically reserved for decisions by the Board.
- Investment approval, controlled by the budgetary process with authorisation levels in place. Any single capital expenditure over £50,000 goes to the Board with detailed written proposals and financial analysis of expected returns.

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

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

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and Accounts 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 have elected to prepare both the Group and the Parent Company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

The Group and Parent Company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the Parent Company and the performance for that period. The Companies Act 1985 provides, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 proper accounting records that 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 1985. They have a 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 laws and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

Report of the Independent Auditors to the members of Trifast plc

KPMG

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

Independent Auditors' Report to the members of Trifast plc

We have audited the Group and Parent Company financial statements (the "financial statements") of Trifast plc for the year ended 31 March 2008 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, are set out in the Statement of Directors' Responsibilities on page 49.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and Directors' Business Review that is cross-referenced from the Principal Activities and Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services

Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion
In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2008 and of its profit for the year then ended;

- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, as applied in accordance with the provisions of the Companies Act 1985 of the state of the Parent Company's affairs as at 31 March 2008;

- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and

- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
17 June 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Note	**2008 £000**	2007 £000
Revenue	2	**122,364**	131,946
Cost of sales		**(88,650)**	(97,224)
Gross profit		**33,714**	34,722
Other operating income	3	**298**	220
Distribution expenses		**(2,805)**	(2,868)
Administrative expenses before the following items:		**(21,258)**	(22,336)
IFRS 2 charge		**(303)**	(213)
Intangible amortisation	11	**(273)**	(274)
Restructuring costs	2, 4	**—**	(2,894)
Impairment of associate	4,13	**(2,236)**	—
Total administration costs		**(24,070)**	(25,717)
Operating profit	4, 5, 6	**7,137**	6,357
Financial income	7	**156**	144
Financial expenses	7	**(1,433)**	(1,175)
Net financing costs		**(1,277)**	(1,031)
Share of profit of associate	13	**140**	100
Profit before tax	2	**6,000**	5,426
Taxation	8	**(2,407)**	(1,453)
Profit for the year (attributable to equity shareholders of the Parent Company)		**3,593**	3,973
Earnings per share			
Basic	24	**4.23p**	4.70p
Diluted	24	**4.22p**	4.70p
Dividends			
Final proposed 2008 — 1.87p (2007: 1.66p)	23	**1,589**	1,406
Interim paid 2008 — 0.93p (2007: 0.77p)	23	**790**	650

All amounts in the income statement are derived from continuing operations for the current and prior year.

Statements of Recognised Income and Expense

For the year ended 31 March 2008

		Group		Company	
	Note	**2008** **£000**	2007 £000	**2008** **£000**	2007 £000
Foreign exchange translation differences		**2,962**	(1,511)	**—**	—
Net (loss)/gain on hedge of net investment in foreign subsidiary		**(55)**	14	**—**	—
Net income/(expense) recognised directly in equity	23	**2,907**	(1,497)	**—**	—
Profit for the year	23	**3,593**	3,973	**1,625**	2,449
Total recognised income for the year	23	**6,500**	2,476	**1,625**	2,449

Balance Sheets

At 31 March 2008

	Note	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Non-current assets					
Property, plant and equipment	9, 10	**8,570**	8,324	**2,775**	2,776
Intangible assets	11, 12	**23,828**	23,316	**4**	16
Investments in associate	13	**659**	2,836	**500**	2,736
Equity investments	13	**—**	—	**29,110**	28,920
Deferred tax assets	14, 15	**383**	350	**—**	—
Total non-current assets		**33,440**	34,826	**32,389**	34,448
Current assets					
Stocks	16	**25,263**	25,611	**—**	—
Trade and other receivables	17	**25,363**	28,109	**2,877**	4,088
Cash and cash equivalents	18, 25	**8,618**	6,757	**5,254**	5,256
Total current assets		**59,244**	60,477	**8,131**	9,344
Total assets	2	**92,684**	95,303	**40,520**	43,792
Current liabilities					
Bank overdraft	18, 25	**371**	287	**4,000**	3,187
Other interest-bearing loans and borrowings	19, 25	**2,590**	2,795	**1,510**	1,696
Trade and other payables	20	**20,135**	24,181	**1,049**	2,749
Tax payable		**1,328**	192	**—**	—
Provisions	22	**70**	1,624	**9**	475
Total current liabilities		**24,494**	29,079	**6,568**	8,107
Non-current liabilities					
Other interest-bearing loans and borrowings	19, 25	**13,865**	16,394	**11,582**	13,047
Provisions	22	**901**	1,096	**—**	—
Deferred tax liabilities	14, 15	**459**	509	**169**	189
Total non-current liabilities		**15,225**	17,999	**11,751**	13,236
Total liabilities		**39,719**	47,078	**18,319**	21,343
Net assets	2	**52,965**	48,225	**22,201**	22,449
Equity attributable to equity holders of the parent					
Share capital	23	**4,248**	4,236	**4,248**	4,236
Share premium	23	**12,167**	12,046	**12,167**	12,046
Reserves	23	**1,816**	(1,091)	**2,393**	2,393
Retained earnings	23	**34,734**	33,034	**3,393**	3,774
Total equity	23	**52,965**	48,225	**22,201**	22,449

These financial statements were approved by the Board of Directors on 17 June 2008 and were signed on its behalf by:

Steve Auld
Director

Stuart Lawson
Director

Cash Flow Statements

For the year ended 31 March 2008

	Note	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Cash flows from operating activities					
Profit for the year		**3,593**	3,973	**1,625**	2,449
Adjustments for:					
Depreciation, amortisation and impairment		**1,425**	1,445	**4,021**	138
Financial income		**(156)**	(144)	**(301)**	(312)
Financial expense		**1,433**	1,175	**882**	791
Gain on sale of property, plant and equipment and investments		**(24)**	(7)	**—**	—
Dividends received		**—**	—	**(9,373)**	(5,550)
Equity settled share-based payment expenses		**303**	213	**190**	125
Profit from associate		**(140)**	(100)	**—**	—
Impairment of associate		**2,236**	—	**2,236**	—
Taxation		**2,407**	1,453	**(20)**	(123)
Operating profit/(loss) before changes in working capital and provisions		**11,077**	8,008	**(740)**	(2,482)
Change in trade and other receivables		**3,926**	973	**1,211**	(280)
Change in stock		**1,357**	(1,066)	**—**	—
Change in trade and other payables		**(4,893)**	72	**(1,669)**	35
Change in provisions		**(1,771)**	1,262	**(466)**	475
Cash generated from the operations		**9,696**	9,249	**(1,664)**	(2,252)
Tax paid		**(1,454)**	(1,668)	**(3)**	—
Net cash from operating activities		**8,242**	7,581	**(1,667)**	(2,252)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**74**	64	**—**	—
Interest received		**153**	145	**301**	311
Acquisition of subsidiary and associates, net of cash acquired		**(4)**	(4,761)	**(4,097)**	(4,850)
Acquisition of property, plant and equipment	9, 10	**(1,113)**	(683)	**(100)**	(14)
Dividends received		**81**	—	**9,373**	5,550
Net cash from investing activities		**(809)**	(5,235)	**5,477**	997

Cash Flow Statements (continued)

For the year ended 31 March 2008

		Group		Company	
		2008	2007	**2008**	2007
	Note	**£000**	£000	**£000**	£000
Cash flows from financing activities					
Proceeds from the issue of share capital	23	**133**	190	**133**	190
Proceeds from new loan		**—**	3,799	**—**	3,799
Repayment of borrowings		**(2,739)**	(2,810)	**(1,651)**	(1,741)
Dividends paid	23	**(2,196)**	(1,899)	**(2,196)**	(1,899)
Interest paid		**(1,462)**	(1,090)	**(911)**	(720)
Net cash from financing activities		**(6,264)**	(1,810)	**(4,625)**	(371)
Net change in cash and cash equivalents		**1,169**	536	**(815)**	(1,626)
Cash and cash equivalents at 1 April		**6,470**	6,252	**2,069**	3,695
Effect of exchange rate fluctuations on cash held		**608**	(318)	**—**	—
Cash and cash equivalents at 31 March	18	**8,247**	6,470	**1,254**	2,069

Notes
(Forming part of the Financial Statements)

1 **Accounting policies**

a) Significant accounting policies

Trifast (the Company) is a company incorporated in the United Kingdom. The registered office details are on page 101.

The Group financial statements consolidate those of the Company, its subsidiaries and the Group's interest in the associate (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

Statement of Compliance

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 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 Group and Parent Company financial statements.

In these financial statements the following Adopted IFRSs and IFRICs are effective for the first time. The application of these has had no material affect on these financial statements.

- *IFRIC 11 IFRS 2 Group and Treasury Share Transactions*
- *IFRIC 12 Service Concession Arrangements*
- *Amendment to IAS 1 Capital Disclosures*
- *IFRS 7 Financial Instruments*
- *IFRIC 8 Scope of IFRS 2*

Adopted IFRS not yet applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

- *IFRS 8 Operating Segments* is applicable for the Group's 2010 financial statements. The application of IFRS 8 is not expected to have any impact on the balance sheets or income statement as the standard is concerned only with disclosure.
- *IAS 1 Presentation of Financial Statements (Revised)* is applicable for the Group's 2010 financial statements. The application of the revision to IAS 1 will change the format of the financial statements but is not expected to fundamentally change the reported financial position or performance.
- *IAS 23 Borrowing Costs (Revised)* is applicable for the Group's 2010 financial statements. It is not expected to have any impact on the consolidated financial statements.
- *Amendments to IAS 32 Financial Instruments: Presentation* is applicable for the Group's 2010 financial statements. The application of the revision is not expected to have a significant impact on the consolidated financial statements.

Notes
(Forming part of the Financial Statements)

1 Accounting policies (continued)

b) Basis of preparation

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

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

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

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 30.

c) Basis of consolidation

i) Subsidiaries

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

ii) Associates

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

iii) Transactions eliminated on consolidation

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

d) Foreign currency

i) Foreign currency transactions

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

Notes

(Forming part of the Financial Statements)

1 Accounting policies (continued)

ii) Financial statements of foreign operations

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

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

e) Hedge of net investment in foreign operations

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

f) Property, plant and equipment

i) Owned assets

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

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

ii) Depreciation

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

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

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

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.

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) Goodwill

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

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

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

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

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

ii) Other intangible assets

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

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

iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred and complies with other IAS 38 criteria.

iv) Amortisation

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

Notes

(Forming part of the Financial Statements)

1 Accounting policies (continued)

The estimated useful lives of other intangibles are as follows:

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

h) Investments in equity securities and associates

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

i) Trade and other receivables

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

j) Stocks

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

k) Cash and cash equivalents

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

l) Impairment

The carrying amounts of the Group's assets, other than stocks (see accounting policy j) and deferred tax assets (see accounting policy t), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy l(i)). Financial assets are considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset.

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

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

Notes

(Forming part of the Financial Statements)

1 Accounting policies (continued)

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 an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. An impairment loss in respect of goodwill is not reversed. An impairment loss on any other asset is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) Share capital — Dividends

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

n) Interest-bearing borrowings

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

o) Employee benefits

i) Defined contribution plans

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

ii) Share-based payment transactions

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

Notes

(Forming part of the Financial Statements)

1 Accounting policies (continued)

iii) Termination benefits

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

p) Provisions

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

i) Restructuring

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

ii) Dilapidations

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

iii) Onerous contracts

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

q) Trade and other payables

Trade and other payables are stated at cost.

r) Revenue

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

s) Expenses

i) Operating lease payments

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

ii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested. Interest income is recognised in the income statement as it accrues, using the effective interest method.

1 Accounting policies (continued)

t) Taxation

Tax on the profit or loss for the periods presented comprises current and deferred tax. Tax is recognised in the 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 8.

u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates in a number of geographical economic environments. These economic environments are subject to different risks and rewards and the results are shown by different geographical segments. The Company only operates in one business segment, being the manufacture and logistical supply of industrial fasteners and category 'C' components.

v) Financial guarantee contracts

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

Notes

(Forming part of the Financial Statements)

1 Accounting policies (continued)

w) Earnings per share

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

2 Segmental analysis

Segment information, as discussed above, is presented in the consolidated financial statements in respect of the Group's geographical segments. This reflects the Group's management and internal reporting structure.

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

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

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

Geographical segments

The Group is composed of the following main geographical segments:

Europe/America:	includes UK, Norway, Sweden, France, Hungary, Republic of Ireland, Holland, Turkey, Poland, USA, Mexico and Costa Rica
Asia:	includes Malaysia, China, Singapore and Taiwan

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of our entities across the world.

Notes

(Forming part of the Financial Statements)

2 Segmental analysis (continued)

	Europe/USA		Asia		Central		Group	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Revenue*								
Revenue from external customers	**96,165**	106,307	**26,199**	25,639	**—**	—	**122,364**	131,946
Inter segment revenue	**4,462**	4,664	**3,312**	3,543	**—**	—	**7,774**	8,207
Total revenue	**100,627**	110,971	**29,511**	29,182	**—**	—	**130,138**	140,153
Segment result before items listed below	**6,037**	6,104	**6,504**	5,793	**(2,452)**	(2,059)	**10,089**	9,838
Impairment of associate	**—**	—	**—**	—	**(2,236)**	—	**(2,236)**	—
Intangible amortisation	**(273)**	(274)	**—**	—	**—**	—	**(273)**	(274)
Restructuring costs	**—**	(2,324)	**—**	—	**—**	(570)	**—**	(2,894)
Equity settled share-based payments	**(68)**	(47)	**(45)**	(41)	**(190)**	(125)	**(303)**	(213)
Operating profit/(loss) before financing costs	**5,696**	3,459	**6,459**	5,752	**(4,878)**	(2,754)	**7,277**	6,457
Net financing costs							**(1,277)**	(1,031)
Profit on ordinary activities before taxation							**6,000**	5,426
Taxation							**(2,407)**	(1,453)
Profit for the year							**3,593**	3,973
Assets and liabilities								
Segment assets	**56,388**	59,667	**27,638**	24,744	**8,658**	10,892	**92,684**	95,303
Segment liabilities	**(14,245)**	(18,892)	**(7,661)**	(8,521)	**(17,813)**	(19,665)	**(39,719)**	(47,078)
Segment net assets/(liabilities)	**42,143**	40,775	**19,977**	16,223	**(9,155)**	(8,773)	**52,965**	48,225

* Of the Asian external revenue, £4.5 million (2007: £4.9 million) was sold into the American market and £5.6 million (2007: £1.5 million) sold into the European market.

There was no material difference in the European and American regions between the external revenue based on location of the entities and the location of the customers.

Revenue is derived solely from the manufacture and logistical supply of industrial fasteners and category 'C' components and therefore considered to be only one business segment.

The share of the associate Techfast (based in Malaysia) has been included in the Asia segment and not shown separately.

Notes
(Forming part of the Financial Statements)

2 Segmental analysis (continued)

	Europe/USA		Asia		Central		Group	
	2008 £000	2007 £000	**2008 £000**	2007 £000	**2008 £000**	2007 £000	**2008 £000**	2007 £000
Cashflows								
Operating activities								
Segment cash flow	**4,137**	8,031	**3,263**	1,234	**842**	(1,684)	**8,242**	7,581
Investing activities								
Segment cash flow	**(324)**	677	**(480)**	(791)	**(5)**	(5,121)	**(809)**	(5,235)
Financing activities								
Segment cash flow	**(1,799)**	(1,183)	**(64)**	(257)	**(4,401)**	(370)	**(6,264)**	(1,810)
Capital expenditure								
Segment cash flow	**464**	354	**549**	315	**100**	14	**1,113**	683

3 Other operating income

	2008 £000	2007 £000
Net gain on disposal of property, plant and equipment	**24**	7
Other	**274**	213
	298	220

4 Expenses and Auditors' remuneration

Included in profit for the year are the following:

	2008 £000	2007 £000
Depreciation	**1,152**	1,171
Amortisation of acquired intangibles	**273**	274
Forex loss/(gains)	**170**	(47)
Restructuring costs — included in administrative expenses	**—**	2,894
Impairment of associate — included in administrative expenses	**2,236**	—

2007 restructuring costs comprise £1.4 million redundancy payments, £0.4 million for compensation of loss of office and £1.1 million other restructuring costs, largely the result of the closure of our French site.

The associate Techfast has been impaired by £2.2 million to a carrying value of £0.5 million in the Company (Group: £0.7 million) to reflect management's view on the recoverable amount (higher of value in use and fair value less costs to sell) and the continuing deterioration of Techfast's share price.

Notes

(Forming part of the Financial Statements)

4 Expenses and Auditors' remuneration (continued)

Auditors' remuneration:

	2008 £000	2007 £000
Audit of these financial statements	**42**	42
Audit of financial statements of subsidiaries pursuant to legislation	**193**	183
Other services relating to taxation	**75**	65
All other services	**27**	28

5 Staff numbers and costs

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

	Number of employees Group		**Number of employees Company**	
	2008	2007	**2008**	2007
Office and management	**65**	82	**15**	14
Manufacturing	**310**	291	**—**	—
Sales	**122**	109	**—**	—
Distribution	**612**	668	**—**	—
	1,109	1,150	**15**	14

The aggregate payroll costs of these persons were as follows:

	Group		**Company**	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Wages and salaries (including bonus)	**19,207**	20,250	**1,135**	1,608
Share-based payments	**303**	213	**190**	125
Social security costs	**1,815**	1,861	**132**	140
Other pension costs	**1,206**	1,133	**152**	169
	22,531	23,457	**1,609**	2,042

6 Directors' emoluments

	2008 £000	2007 £000
Directors' emoluments	**988**	1,631
Company contributions to money purchase pension plans	**133**	152
Amounts paid to third parties in respect of Directors' services	**152**	83
Compensation for loss of office	**—**	360
	1,273	2,226

The emoluments of individual Directors are shown in the Remuneration Report on page 44.

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £358,000 (2007: £803,000, including £360,000 of compensation for loss of office), and Company pension contributions of £57,000 (2007: £50,000) were made to a money purchase scheme on his behalf.

	Number of Directors 2008	2007
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**3**	4
The number of Directors who exercised share options	**1**	2

See page 44 of the Remuneration Report for more details.

Directors' rights to subscribe for shares in the Company are indicated in the Remuneration Report.

7 Financial income and expense

	2008 £000	2007 £000
Interest income	**156**	144
Interest expense	**1,433**	1,175

Notes

(Forming part of the Financial Statements)

8 Taxation

Recognised in the income statement

	2008 £000	2007 £000
Current UK tax expense		
Current year	**1,730**	300
Double taxation relief	**(745)**	(103)
Adjustments for prior years	**(168)**	3
	817	200
Current tax on foreign income for the year	**1,729**	1,431
Adjustments for prior years	**(39)**	(92)
	1,690	1,339
Total current tax	**2,507**	1,539
Deferred tax expense (note 15)		
Origination and reversal of temporary differences	**(87)**	(26)
Adjustments for prior years	**(13)**	(60)
	(100)	(86)
Total tax in income statement	**2,407**	1,453

Reconciliation of effective tax rate and tax expense

	2008 £000	**ETR %**	2007 £000	ETR %
Profit before tax	**6,000**		5,426	
Tax using the UK corporation tax rate of 30% (2007: 30%)	**1,800**	**30**	1,628	30
Impairment of associate	**671**	**11**	—	—
Tax suffered on dividends	**856**	**14**	169	3
Non-deductible expenses	**160**	**3**	71	1
Effect of change in tax rate	**(24)**	**—**	—	—
IFRS 2 share option charge	**(11)**	**—**	(73)	(1)
Associate tax	**(18)**	**—**	(30)	—
Deferred tax assets not recognised	**201**	**3**	548	10
Different tax rates on overseas earnings	**(1,008)**	**(17)**	(711)	(13)
Over provided in prior years	**(220)**	**(4)**	(149)	(3)
Total tax in income statement	**2,407**	**40**	1,453	27

9 Property, plant and equipment — Group

	Land and buildings £000	Leasehold improve-ments £000	Plant and equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2006	5,553	460	8,580	4,824	306	19,723
Additions	12	42	345	276	8	683
Disposals	—	—	(89)	(344)	(16)	(449)
Effect of movements in foreign exchange	(170)	(17)	(396)	(66)	(32)	(681)
Balance at 31 March 2007	5,395	485	8,440	4,690	266	19,276
Balance at 1 April 2007	5,395	485	8,440	4,690	266	19,276
Additions	99	156	370	465	23	1,113
Disposals	—	(5)	(88)	(46)	(44)	(183)
Effect of movements in foreign exchange	185	27	483	46	19	760
Balance at 31 March 2008	5,679	663	9,205	5,155	264	20,966
Depreciation and impairment						
Balance at 1 April 2006	1,082	191	5,359	3,675	208	10,515
Depreciation charge for the year	72	78	613	378	30	1,171
Disposals	—	—	(78)	(297)	(16)	(391)
Effect of movements in foreign exchange	(35)	(7)	(229)	(49)	(23)	(343)
Balance at 31 March 2007	1,119	262	5,665	3,707	199	10,952
Balance at 1 April 2007	1,119	262	5,665	3,707	199	10,952
Depreciation charge for the year	79	78	606	368	21	1,152
Disposals	—	(5)	(73)	(28)	(27)	(133)
Effect of movements in foreign exchange	37	13	329	45	1	425
Balance at 31 March 2008	1,235	348	6,527	4,092	194	12,396
Net book value						
At 1 April 2006	4,471	269	3,221	1,149	98	9,208
At 31 March 2007 and 1 April 2007	4,276	223	2,775	983	67	8,324
At 31 March 2008	**4,444**	**315**	**2,678**	**1,063**	**70**	**8,570**

Included in the net book value of land and buildings are £3,261,000 (2007: £3,206,000) of freehold land and buildings, £1,134,000 (2007: £1,069,000) of long leasehold land and buildings and £1,000 (2007: £1,000) of short leasehold land and buildings.

£3,351,000 (2007: £3,351,000) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

10 Property, plant and equipment — Company

	Land and buildings £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 April 2006	3,357	747	4,104
Additions	12	2	14
Balance at 31 March 2007	3,369	749	4,118
Balance at 1 April 2007	3,369	749	4,118
Additions	99	1	100
Balance at 31 March 2008	3,468	750	4,218
Depreciation and impairment			
Balance at 1 April 2006	692	525	1,217
Depreciation charge for the year	41	84	125
Balance at 31 March 2007	733	609	1,342
Balance at 1 April 2007	733	609	1,342
Depreciation charge for the year	44	57	101
Balance at 31 March 2008	777	666	1,443
Net book value			
At 1 April 2006	2,665	222	2,887
At 31 March 2007 and 1 April 2007	2,636	140	2,776
At 31 March 2008	**2,691**	**84**	**2,775**

Included in the net book value of land and buildings are £2,635,000 (2007: £2,635,000) of freehold land and buildings.

£3,351,000 (2007: £3,351,000) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

Notes

(Forming part of the Financial Statements)

11 Intangible assets — Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 2006	27,295	2,152	29,447
Additions to existing subsidiaries	29	—	29
Reduction in deferred and contingent consideration	(567)	—	(567)
Effect of movements in foreign exchange	(541)	—	(541)
Balance at 31 March 2007	26,216	2,152	28,368
Balance at 1 April 2007	26,216	2,152	28,368
Additions to existing subsidiaries	4	—	4
Effect of movements in foreign exchange	781	—	781
Balance at 31 March 2008	27,001	2,152	29,153
Amortisation and impairment			
Balance at 1 April 2006	4,714	142	4,856
Amortisation for the year	—	274	274
Effect of movements in foreign exchange	(78)	—	(78)
Balance at 31 March 2007	4,636	416	5,052
Balance at 1 April 2007	4,636	416	5,052
Amortisation for the year	—	273	273
Balance at 31 March 2008	4,636	689	5,325
Net book value			
At 1 April 2006	22,581	2,010	24,591
At 31 March 2007 and 1 April 2007	21,580	1,736	23,316
At 31 March 2008	**22,365**	**1,463**	**23,828**

£1,459,000 (2007: £1,720,000) of other intangible assets is made up of customer relationships acquired as part of the acquisition of Serco Ryan Ltd.

An independent external company valued the customer relationships acquired based on the excess earnings approach. The value of the customer relationship being the sum of the present value of projected cash flows, in excess of requisite assets, over the life of the relationships with customers.

Several assumptions were made in determining the valuation, including but not limited to a 12% customer attrition rate, an 18% present value discount rate and a tax rate of 30%.

Notes

(Forming part of the Financial Statements)

11 Intangible assets — Group (continued)

The following units have significant carrying amounts of goodwill:

	2008 £000	2007 £000
Special Fasteners Engineering Co. Ltd	**8,262**	7,600
TR Fastenings (AB)	**1,663**	1,663
Lancaster Fastener Company Ltd	**1,245**	1,245
Serco Ryan Ltd (within TR Fastenings Ltd)	**10,283**	10,283
Other	**913**	789
	22,366	21,580

The change in goodwill is as a result of foreign exchange movement.

The Group tests goodwill annually for impairment. The recoverable amount of cash-generating units are 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 and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the business from the next twelve months.
- Cash flows for a further four year period were extrapolated using a constant growth rate.
- Cash flows for a further five year period assume a 0% growth rate.

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

The above estimates are particularly sensitive in the following areas:

- An increase in the discount rate used.
- A decrease in future planned revenues.

Notes

(Forming part of the Financial Statements)

12 Intangible assets — Company

	Other £000
Cost	
Balance at 1 April 2006	62
Balance at 31 March 2007 and 1 April 2007	62
Balance at 31 March 2008	**62**
Amortisation and impairment	
Balance at 1 April 2006	33
Amortisation for the year	13
Balance at 31 March 2007	46
Balance at 1 April 2007	46
Amortisation for the year	12
Balance at 31 March 2008	**58**
Net book value	
At 1 April 2006	29
At 31 March 2007 and 1 April 2007	16
At 31 March 2008	**4**

Notes

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13 Equity investments

Company — investments in subsidiaries

	£000
Cost	
Balance at 1 April 2006	31,806
Transfer between other Group companies	139
Additions	1,520
Reduction in deferred and contingent consideration	(567)
Balance at 31 March 2007	32,898
Balance at 1 April 2007	32,898
Additions	4,097
Balance at 31 March 2008	36,995
Provision	
Balance at 1 April 2006, 31 March 2007 and 1 April 2007	3,978
Increase in provision	3,907
Balance at 31 March 2008	7,885
Net book value	
At 1 April 2006	27,828
At 31 March 2007 and 1 April 2007	28,920
At 31 March 2008	**29,110**

An additional £186,000 was invested in TR Keba Ltd to support its future operations.

An additional £4,000 was invested in the Polish legal entity (TR Fastenings (Poland) Sp. Z.o.o.) to cover legal set-up fees.

On 24 March 2008 the Group liquidated the subsidiary TR France SARL, which had been 100% owned by the Group's intermediary holding company, Trifast Overseas Holdings Ltd.

During the year ended 31 March 2008 an additional £3,907,000 was invested into our American subsidiary, TR Fastenings Inc., to support its future operations. This amount was immediately impaired by the full amount based on management's view of the short-term irrecoverability of its carrying value.

Notes

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13 Equity investments (continued)

Company — Investments in associate

The Group has a 25% investment in Techfast Holdings Bhd, a Company listed on the Kuala Lumpur Stock Exchange. The investment of £2,736,000 has been impaired by £2,236,000 to a carrying value of £500,000 in the Company (Group: £659,000), to reflect Management's view on recoverable amount (higher of value in use and fair value less costs to sell) and the continuing deterioration of Techfast's share price.

The Group's share of post-acquisition total recognised profit in the above associate for the year ended 31 March 2008 was £140,000 (2007: £100,000).

Summary aggregated financial information for Techfast as at 31 December 2007 (Techfast's year end reporting date) is not adjusted for the percentage ownership held:

	2007	2006
	£000	£000
Assets		
— non-current	**4,597**	3,147
— current	**4,745**	4,265
Liabilities		
— non-current	**(1,816)**	(553)
— current	**(1,432)**	(1,893)
Revenues	**5,183**	4,778
Expenses	**(4,402)**	(3,892)
Profit	**781**	886

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included on page 97.

Notes

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14 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	
	2008 £000	2007 £000	**2008 £000**	2007 £000	**2008 £000**	2007 £000
Property, plant and equipment	**(295)**	(302)	**509**	515	**214**	213
Intangible assets	**—**	—	**409**	516	**409**	516
Stocks	**(239)**	(242)	**—**	—	**(239)**	(242)
Provisions/IFRS 2	**(350)**	(358)	**100**	54	**(250)**	(304)
Tax value of loss c/fwd	**(58)**	(24)	**—**	—	**(58)**	(24)
Tax (assets)/liabilities	**(942)**	(926)	**1,018**	1,085	**76**	159
Tax set-off	**559**	576	**(559)**	(576)	**—**	—
Net tax (assets)/liabilities	**(383)**	(350)	**459**	509	**76**	159

A potential £201,000 (2007: £247,000) deferred tax asset relating to tax losses at TR Fastenings Inc. was not recognised on the grounds that recovery is uncertain.

Movement in deferred tax during the year

	1 April 2007 £000	**Recognised in income £000**	**Recognised in Translation reserve £000**	**31 March 2008 £000**
Property, plant and equipment	213	(11)	12	**214**
Intangible assets	516	(107)	—	**409**
Stocks	(242)	11	(8)	**(239)**
Provisions/IFRS 2	(304)	42	12	**(250)**
Tax value of loss c/fwd	(24)	(35)	1	**(58)**
	159	(100)	17	**76**

Movement in deferred tax during the prior year

	1 April 2006 £000	Recognised in income £000	Recognised in Translation reserve £000	31 March 2007 £000
Property, plant and equipment	211	10	(8)	213
Intangible assets	594	(78)	—	516
Stocks	(290)	46	2	(242)
Provisions/IFRS 2	(262)	(40)	(2)	(304)
Tax value of loss c/fwd	—	(24)	—	(24)
	253	(86)	(8)	159

15 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	
	2008 £000	2007 £000	**2008 £000**	2007 £000	**2008 £000**	2007 £000
Property, plant and equipment	**—**	—	**334**	352	**334**	352
Provisions/IFRS 2	**(165)**	(163)	**—**	—	**(165)**	(163)
Tax (assets)/liabilities	**(165)**	(163)	**334**	352	**169**	189
Tax set-off	**165**	163	**(165)**	(163)	**—**	—
Net tax liabilities	**—**	—	**169**	189	**169**	189

Movement in deferred tax during the year

	1 April 2007 £000	**Recognised in income £000**	**31 March 2008 £000**
Property, plant and equipment	352	(18)	**334**
Provisions/IFRS 2	(163)	(2)	**(165)**
	189	(20)	**169**

Movement in deferred tax during the prior year

	1 April 2006 £000	Recognised in income £000	31 March 2007 £000
Property, plant and equipment	342	10	352
Provisions/IFRS 2	(28)	(135)	(163)
	314	(125)	189

16 Stocks

	Group	
	2008 £000	2007 £000
Raw materials and consumables	**1,223**	1,297
Work in progress	**612**	637
Finished goods and goods for resale	**23,428**	23,677
	25,263	25,611

Notes

(Forming part of the Financial Statements)

17 Trade and other receivables

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Trade receivables	**23,994**	26,836	**—**	—
Non trade receivables and prepayments	**1,369**	1,273	**—**	7
Amounts owed by subsidiary undertakings	**—**	—	**2,877**	4,081
	25,363	28,109	**2,877**	4,088

18 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Cash and cash equivalents per balance sheet	**8,618**	6,757	**5,254**	5,256
Bank overdrafts per balance sheet	**(371)**	(287)	**(4,000)**	(3,187)
Cash and cash equivalents per cash flow statements	**8,247**	6,470	**1,254**	2,069

UK overdrafts are secured by an unlimited multilateral guarantee between the UK trading companies.

19 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 25.

			Current		Non-Current	
			2008	2007	**2008**	2007
Initial Loan Value	**Rate**	**Maturity**	**£000**	£000	**£000**	£000
Company						
Acquisition $2.15m	LIBOR +0.95%	2007	**—**	36	**—**	—
Acquisition $3.45m	LIBOR +0.95%	2008	**87**	176	**—**	88
Acquisition £1.95m	LIBOR +0.90%	2008	**98**	195	**—**	98
Acquisition SEK30m	LIBOR +0.95%	2009	**254**	217	**64**	272
Acquisition £15.0m	LIBOR +0.61%	2012	**1,071**	1,072	**11,518**	12,589
			1,510	1,696	**11,582**	13,047
Other Group						
Acquisition $21.78m	LIBOR +0.80%	2011	**1,018**	1,032	**2,283**	3,347
Funding $0.25m	SIBOR +2%	2008	**62**	61	**—**	—
Funding $0.10m	Fixed 8%	2007	**—**	6	**—**	—
			1,080	1,099	**2,283**	3,347
Total Group			**2,590**	2,795	**13,865**	16,394

All the bank loans, with the exception of the $0.25 million (funded in Singapore), included in the table above, are secured by an unlimited multilateral guarantee between the UK trading companies.

20 Trade and other payables

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Trade payables	**14,244**	18,543	**—**	100
Amounts payable to subsidiary undertakings	**—**	—	**625**	1,679
Non-trade payables and accrued expenses	**4,415**	4,533	**172**	744
Interest payable	**208**	236	**195**	223
Other taxes and social security	**1,268**	869	**57**	3
	20,135	24,181	**1,049**	2,749

21 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 £1,206,000 (2007: £1,133,000) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pensions contributions of £100,000 (2007: £62,000), which are included in creditors.

Share-based payments

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

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

	2008		2007	
	Options	**Weighted Average Exercise Price £**	Options	Weighted Average Exercise Price £
Outstanding at beginning of year	**3,708,827**	**0.95**	3,973,776	0.98
Granted during the year	**268,603**	**0.75**	611,840	0.50
Forfeited/lapsed during the year	**(256,318)**	**0.58**	(549,228)	0.93
Exercised during the year	**(257,392)**	**0.52**	(327,561)	0.58
Outstanding at the end of the year	**3,463,720**	**0.99**	3,708,827	0.95
Exercisable at the end of the year	**2,496,353**	**1.14**	1,473,000	1.43

21 Employee Benefits (continued)

The weighted average share price at the date of exercise for share options exercised during the year was £0.75 (2007: £0.82). The options outstanding at 31 March 2008 had a weighted average remaining contractual life of 3.41 years (2007: 4.3 years) and exercise prices ranging from £0.50 to £2.69 (2007: £0.50 to £2.69).

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

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

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

Date of Grant	Type of Instrument	Valuation Model	No. outstanding on 31 March 2008	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk-free rate %	Expected annual dividend %	Fair value (£)
02.07.2003	Share Options	Binomial	463,000	0.640	0.650	48.21	3.00	3.00	3.50	2.50	0.20
27.09.2004	Share Options	Binomial	940,000	0.760	0.732	37.45	3.00	3.00	4.72	2.50	0.22
01.10.2003	5 year SAYE	Binomial	57,327	0.755	0.600	50.45	5.00	5.00	4.30	2.50	0.37
01.10.2003	7 year SAYE	Binomial	1,126	0.755	0.600	50.45	7.00	7.00	4.43	2.50	0.40
01.10.2004	3 year SAYE	Binomial	64,581	0.760	0.700	37.15	3.00	3.00	4.69	2.50	0.22
01.10.2004	5 year SAYE	Binomial	22,189	0.760	0.700	35.15	5.00	5.00	4.79	2.50	0.28
01.10.2004	7 year SAYE	Binomial	30,130	0.760	0.700	37.15	7.00	7.00	4.84	2.50	0.31
01.10.2005	3 year SAYE	Binomial	64,961	0.710	0.700	28.81	3.00	3.00	4.27	2.50	0.15
01.10.2005	5 year SAYE	Binomial	34,462	0.710	0.700	28.81	5.00	5.00	4.29	2.50	0.18
01.10.2005	7 year SAYE	Binomial	13,277	0.710	0.700	28.81	7.00	7.00	4.33	2.50	0.21
15.03.2005	Share Options	Binomial	9,000	0.825	0.825	29.24	3.00	3.00	4.85	2.50	0.13

21 Employee Benefits (continued)

Date of Grant	Type of Instrument	Valuation Model	No. outstanding on 31 March 2008	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk-free rate %	Expected annual dividend %	Fair value (£)
21.09.2005	LTIP	Monte Carlo	980,000	0.700	0.000	20.58	3.00	3.00	4.19	3.00	0.45
31.07.2006	LTIP	Monte Carlo	1,304,542	0.543	0.000	34.24	3.00	3.00	4.80	3.54	0.33
01.10.2006	SAYE 3 year	Binomial	323,254	0.600	0.500	39.85	3.00	3.00	4.82	3.00	0.20
01.10.2006	SAYE 5 year	Binomial	217,672	0.600	0.500	39.85	5.00	5.00	4.70	3.00	0.22
01.10.2006	SAYE 7 year	Binomial	10,260	0.600	0.500	39.85	7.00	7.00	4.66	3.00	0.30
30.11.2006	LTIP	Monte Carlo	225,090	0.710	0.000	39.72	3.00	3.00	4.80	3.00	0.43
31.07.2007	LTIP	Monte Carlo	1,430,454	0.830	0.000	28.87	3.00	3.00	5.56	3.39	0.50
1.10.2007	SAYE 3 year	Binomial	97,020	0.740	0.750	29.26	3.00	3.00	4.94	3.39	0.14
1.10.2007	SAYE 5 year	Binomial	158,940	0.740	0.750	29.26	5.00	5.00	5.00	3.39	0.17
1.10.2007	SAYE 7 year	Binomial	6,091	0.740	0.750	29.26	7.00	7.00	5.06	3.39	0.20

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 expenses of £0.30 million and £0.21 million related to equity-settled share-based payment transactions in 2008 and 2007 respectively.

The Company recognised total expenses of £0.19 million and £0.13 million related to equity-settled share-based payment transactions in 2008 and 2007 respectively.

21 Employee Benefits (continued)

As at 31 March 2008 outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date / employees entitled	Number of instruments	Contractual life of options
20.07.98 / Executive	240,000	July 2001–July 2008
11.09.98 / Executive	90,000	Aug 2001–Aug 2008
17.12.99 / Executive	244,000	Dec 2002–Dec 2009
24.07.00 / Executive	183,500	July 2003–July 2010
07.08.01 / Executive	155,000	Aug 2004–Aug 2011
01.10.01 / SAYE	15,106	Oct 2008
31.07.02 / Executive	55,000	July 2005–July 2012
01.10.02 / SAYE	52,272	Oct 2007, 2009
02.07.03 / Executive	463,000	July 2006–July 2013
01.10.03 / SAYE	58,453	Oct 2008, 2010
27.09.04 / Executive	940,000	Sept 2007–Sept 2014
21.10.04 / SAYE	116,900	Oct 2007, 2009, 2011
15.03.05 / Executive	9,000	Mar 2008–Mar 2015
01.10.05 / SAYE	112,700	Oct 2008, 2010, 2012
01.10.06 / SAYE	460,186	Oct 2009, 2011, 2013
01.10.07 / SAYE	262,051	Oct 2010, 2012, 2014
	3,457,168	

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

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

22 Provisions

Group	Restructuring costs £000	Dilapid-ations £000	Other £000	Total £000
Balance at 1 April 2007	1,373	822	525	2,720
Provisions utilised during the year	(1,171)	(62)	(516)	(1,749)
Balance at 31 March 2008	**202**	**760**	**9**	**971**

The restructuring provision relates to the costs in respect of the closure of the UK manufacturing and distribution operations, as well as the closure of TR France SARL.

The brought forward other cost provision related to the resignation of Jim Barker (£360,000) and pending litigation claims (£165,000).

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

22 Provisions (continued)

Group	Restructuring costs £000	Dilapid-ations £000	Other £000	Total £000
Non-current (greater than 1 year)	202	699	—	901
Current (less than 1 year)	—	61	9	70
Balance at 31 March 2008	**202**	**760**	**9**	**971**

£9,000 shown under 'Other' relates to the Company and are current provisions.

23 Capital and reserves

Reconciliation of movement in capital and reserves — Group

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2006	4,219	11,873	406	30,747	47,245
Total recognised income and expense	—	—	(1,497)	3,973	2,476
Issue of shares	17	173	—	—	190
Equity-settled share-based payment transactions	—	—	—	213	213
Dividends	—	—	—	(1,899)	(1,899)
Balance at 31 March 2007	4,236	12,046	(1,091)	33,034	48,225
Balance at 1 April 2007	4,236	12,046	(1,091)	33,034	48,225
Total recognised income and expense	—	—	2,907	3,593	6,500
Issue of shares	12	121	—	—	133
Equity-settled share-based payment transactions	—	—	—	303	303
Dividends	—	—	—	(2,196)	(2,196)
Balance at 31 March 2008	**4,248**	**12,167**	**1,816**	**34,734**	**52,965**

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.

Notes

(Forming part of the Financial Statements)

23 Capital and reserves (continued)

Reconciliation of movement in capital and reserves — Company

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2006	4,219	11,873	2,393	3,099	21,584
Total recognised income and expense	—	—	—	2,449	2,449
Issue of shares	17	173	—	—	190
Equity-settled share-based payment transactions	—	—	—	125	125
Dividends	—	—	—	(1,899)	(1,899)
Balance at 31 March 2007	4,236	12,046	2,393	3,774	22,449
Balance at 1 April 2007	4,236	12,046	2,393	3,774	22,449
Total recognised income and expense	—	—	—	1,625	1,625
Issue of shares	12	121	—	—	133
Equity-settled share-based payment transactions	—	—	—	190	190
Dividends	—	—	—	(2,196)	(2,196)
Balance at 31 March 2008	**4,248**	**12,167**	**2,393**	**3,393**	**22,201**

The merger reserve has arisen under Section 131 Companies Act 1985 and is a non-distributable reserve.

Share capital

In thousands of shares	**Ordinary shares 2008**	2007
On issue at 1 April	**84,708,035**	84,380,474
Issued for cash	**257,392**	327,561
On issue at 31 March — fully paid	**84,965,427**	84,708,035

	2008 £000	2007 £000
Authorised		
Ordinary shares of 5p each	**5,000**	5,000
Allotted, called up and fully paid		
Ordinary shares of 5p each	**4,248**	4,236

During the year 257,392 ordinary shares of 5p were issued upon the exercising of Employee Share Options. 213,840 SAYE options were granted on 1 October 2002, at an exercise price of £0.50 per share and 1,052 SAYE options were granted on 1 October 2004 at an exercise price of £0.70. 25,000 Executive options were granted on 31 July 2002, at an exercise price of £0.565 per share and 17,500 Executive options were granted on 2 July 2003 at an exercise price of £0.65 per share.

Notes

(Forming part of the Financial Statements)

23 Capital and reserves (continued)

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

Dividends

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

	2008 £000	2007 £000
Final paid 2007 — 1.66p (2006: 1.48p) per qualifying ordinary share	**1,406**	1,249
Interim paid 2008 — 0.93p (2007: 0.77p) per qualifying ordinary share	**790**	650
	2,196	1,899

After the balance sheet date a final dividend of 1.87p per qualifying ordinary share (2007: 1.66p) was proposed by the Directors. These dividends have not been provided for.

	2008 £000	2007 £000
Final proposed 2008 — 1.87p (2007: 1.66p) per qualifying ordinary share	**1,589**	1,406

24 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2008 was based on the profit attributable to ordinary shareholders of £3,593,000 (2007: £3,973,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2008 of 84,819,205 (2007: 84,459,931), calculated as follows:

Weighted average number of ordinary shares

	2008	2007
Issued ordinary shares at 1 April	**84,708,035**	84,380,474
Effect of shares issued	**111,170**	79,457
Weighted average number of ordinary shares at 31 March	**84,819,205**	84,459,931

24 Earnings per share (continued)

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2008 was based on profit attributable to ordinary shareholders of £3,593,000 (2007: £3,973,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2008 of 85,053,209 (2007: 84,584,980), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2008	2007
Weighted average number of ordinary shares at 31 March	**84,819,205**	84,459,931
Effect of share options on issue	**234,004**	125,049
Weighted average number of ordinary shares (diluted) at 31 March	**85,053,209**	84,584,980

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

		2008 EPS			2007 EPS	
	Earnings £000	**Basic**	**Diluted**	Earnings £000	Basic	Diluted
Profit for the financial year	**3,593**	**4.23p**	**4.22p**	3,973	4.70p	4.70p
Adjustments:						
Associate impairment	**2,236**	**2.64p**	**2.63p**	—	—	—
Restructuring costs	**—**	**—**	**—**	2,894	3.43p	3.42p
Tax charge on adjusted items	**—**	**—**	**—**	(698)	(0.83p)	(0.83p)
	5,829	**6.87p**	**6.85p**	6,169	7.30p	7.29p

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

Notes
(Forming part of the Financial Statements)

25 Financial instruments
(a) Fair values of financial instruments
The fair values of all the Group's financial instruments shown in the balance sheet are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Financial Assets:				
Cash and cash equivalents	**8,618**	6,757	**5,254**	5,256
Trade and other receivables	**25,363**	28,109	**2,877**	4,088
	33,981	34,866	**8,131**	9,344
Financial Liabilities:				
Trade and other payables	**(18,867)**	(23,312)	**(992)**	(2,746)
Interest bearing loans:				
Bank overdrafts	**(371)**	(287)	**(4,000)**	(3,187)
Floating rate borrowings	**(16,455)**	(19,189)	**(13,092)**	(14,743)
	(35,693)	(42,788)	**(18,084)**	(20,676)

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

The following summarise the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Interest-bearing loans and borrowings
Fair value is calculated based on discounted expected future principal and interest cash flows.

Trade and other receivables/payables
For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Cash and cash equivalents
The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand, then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(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.

25 Financial instruments (continued)

(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.

The carrying amount of trade receivables represents the maximum credit exposure for the Group. Therefore, the maximum exposure to credit risk at the balance sheet date was £24.0 million (2007: £26.8 million), being the total carrying amount of trade receivables net of an allowance. Management do not consider there to be any significant unimpaired credit risk in the year end balance sheet (2007: £nil).

At the balance sheet date there were no significant concentrations of credit risk.

(ii) Liquidity and interest risk

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

The Group monitors closely all loans outstanding, which currently incur interest at floating rates. If appropriate, hedging instruments will be taken out to mitigate any exposure to increased interest rates. However, at the moment the Group is comfortable with the interest rate level and exposure.

To help manage liquidity the Group has a short-term facility of £6.0 million (2007: £4.0 million) which expires in 2008. At year end £2.0 million (2007: £0.8 million) was unutilised.

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

25 Financial instruments (continued)

Company	2008 Effective interest rate %	2008 Total £000	2008 0 to <1 year £000	2008 1 to <2 years £000	2008 2 to <5 years £000	2008 5 years and over £000	2007 Effective interest rate %	2007 Total £000	2007 0 to <1 year £000	2007 1 to <2 years £000	2007 2 to <5 years £000	2007 5 years and over £000
Cash and cash equivalents	**5.36**	**5,254**	**5,254**	**—**	**—**	**—**	5.05	5,256	5,256	—	—	—
Secured bank loans	**6.16**	**(13,092)**	**(1,510)**	**(1,135)**	**(10,447)**	**—**	6.12	(14,744)	(1,696)	(1,475)	(10,769)	(804)
Bank overdrafts	**6.56**	**(4,000)**	**(4,000)**	**—**	**—**	**—**	6.25	(3,187)	(3,187)	—	—	—
Total Company		**(11,838)**	**(256)**	**(1,135)**	**(10,447)**	**—**		(12,675)	(373)	(1,475)	(10,769)	(804)
Group												
Cash and cash equivalents	**5.36**	**8,618**	**8,618**	**—**	**—**	**—**	5.05	6,757	6,757	—	—	—
Secured bank loans	**6.05**	**(16,455)**	**(2,590)**	**(2,154)**	**(2,090)**	**(9,621)**	6.13	(19,189)	(2,795)	(2,507)	(13,083)	(804)
Bank overdrafts	**6.56**	**(371)**	**(371)**	**—**	**—**	**—**	6.25	(287)	(287)	—	—	—
Total Group		**(8,208)**	**5,657**	**(2,154)**	**(2,090)**	**(9,621)**		(12,719)	3,675	(2,507)	(13,083)	(804)

All assets and liabilities bear interest at a floating rate and are therefore due to change within one year.

Secured bank loans are secured against an unlimited multilateral guarantee between UK trading companies.

Sensitivity analysis
At 31 March 2008 it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax for the financial year by approximately £105,000 (2007: £128,000).

(iii) Foreign currency risk
The Group is exposed to foreign currency risk on sales, purchases and cash borrowings that are denominated in a currency other than sterling. The Group faces additional currency risks arising on the retranslation of non-monetary assets and liabilities held by foreign subsidiaries.

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.

25 Financial instruments (continued)

Monetary assets/liabilities

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

Hedge of net investments in foreign entities

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

	Amount Recognised in Equity	
	2008	2007
Borrowings in Local Currency	**£000**	£000
SEK 9,750,000	**55**	(10)
SGD 321,000	**—**	(4)
	55	(14)

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

The Group's most significant exposure to foreign currency risk relates to the Singapore dollar due to the significant trading levels in Asia.

Sensitivity analysis

A 1% weakening of the Singapore dollar against sterling at 31 March would have decreased equity by £0.2 million (2007: £0.2 million). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. The Income Statement impact of a year end change would not be significant as the majority of Singapore dollar assets are held within the Singapore entities. Therefore, balance sheet retranslation gains and losses are taken to the exchange reserve on consolidation.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant and is performed on the same basis for 2007.

A one percent weakening of the average exchange rate for the year would have reduced Group profit by £0.05 million (2007: £0.05 million).

A 1% strengthening of the above year end and average rates against sterling would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(c) Capital management

The Group maintains a strong capital base so as to maintain employee, customer, market, investor and creditor confidence in the business.

26 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Less than one year	**2,372**	2,312	**7**	16
Between two and five years	**5,078**	4,194	**—**	7
More than five years	**1,661**	1,915	**—**	—
	9,111	8,421	**7**	23

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

£136,246 (2007: £177,784) of the leased properties have been sublet by the Group. These leases and subleases expire between June and February 2009. The Group has recognised a provision of £20,435 (2007: £120,061) in respect of onerous leases which is included within the restructuring provision. See note 22.

Group

During the year £2,509,000 was recognised as an expense (2007: £2,520,000) in the income statement in respect of operating leases.

Company

During the year £7,000 was recognised as an expense in the income statement in respect of operating leases (2007: £24,000).

27 Contingencies

Group and Company

i) The Company has cross guarantees on overdrafts with five subsidiaries. The amount outstanding at the end of the year was £12,883,687 (2007: £15,751,000).

ii) Guarantee for the liabilities of £280,000 of the Irish subsidiary undertaking. In accordance with the provisions of Section 17 of the Republic of Ireland Companies (Amendment) Act 1986, Trifast plc has given irrevocable guarantees in respect of the financial year 1 April 2007 to 31 March 2008, in respect of the liabilities, as are referred to in Section 5c of that Act, for the subsidiary company TR Southern Fasteners Limited.

28 Related parties (Group and Company)

Compensation of key management personnel of the Group

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

In addition to details of the compensation of key management personnel given in the Directors' Remuneration Report, the expense incurred in relation to share-based payments was £190,241 (2007: £124,903).

Related Party Transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included on page 97.

Company Related Party Transactions — Income/Expenditure

	Income				Expenditure
	Rent £000	Management Fees £000	Loan Interest £000	Total £000	Management Fees £000
TR Fastenings Ltd	191	191	—	382	—
TR Southern Fasteners Ltd	—	21	—	21	—
TR Norge AS	—	20	—	20	—
TR Fastenings AB	—	25	—	25	—
TR Miller BV	—	18	21	39	—
Lancaster Fastener Co Ltd	—	26	—	26	—
TR Hungary Kft	—	18	2	20	—
TR France SARL	—	—	12	12	—
TR Asia Investments Pte Ltd	—	160	—	160	—
TR Fastenings Inc	—	68	140	208	—
Trifast Systems Ltd	—	21	—	21	32
TR Keba	—	20	57	77	—
	191	588	232	1,011	32

Notes
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28 Related parties (Group and Company) (continued)
Company Related Party Transactions — Receivable/Payable

	Loans £000	Balances Receivable Trade Receivables £000	Total £000	Balances Payable Trade Payables £000
TR Fastenings Ltd	—	(8)	(8)	1
TR Southern Fasteners Ltd	—	3	3	—
TR Norge AS	—	1	1	—
TR Fastenings AB	—	3	3	—
TR Miller BV	351	13	364	—
Lancaster Fastener Co Ltd	—	17	17	—
TR Hungary Kft	—	4	4	—
TR Asia Investments Pte Ltd	—	25	25	—
TR Fastenings Inc	—	103	103	—
TR Keba	1,145	101	1,246	—
Dormant Subsidiaries	—	—	—	267
Trifast Overseas Holdings Ltd	981	—	981	355
Trifast Holdings BV	161	—	161	—
Trifast Systems Ltd	—	(23)	(23)	2
	2,638	239	2,877	625

29 Subsequent events
There are no material adjusting and non-adjusting events subsequent to the balance sheet date.

30 Accounting estimates and judgements

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

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

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

- Recoverable amount of goodwill (note 11)

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.

- Review of intangible assets (note 11)

The intangible assets are predominantly made up of customer relationships acquired as part of the acquisition of Serco Ryan Ltd. The value of the customer relationship is the sum of the present value of projected cash flows, in excess of requisite assets over the life of the relationships with customers.

- Share-based payments (note 21)

The fair value of share options and LTIPs granted are measured based on the binominal lattice and Monte Carlo models respectively. The expected life used in these models have been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

- Provisions (note 22)

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

- Associate impairment (note 13)

The associate has been impaired reflecting management's view on the recoverable amount (higher of value in use and fair value less costs to sell) and the continuing deterioration of the associate's share price.

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Trifast plc — Principal trading subsidiary and associate undertakings

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	£109	Holding Company	100%	100%
TR Fastenings Ltd	United Kingdom	£10,200	Manufacture and distribution of fastenings	100%	—
TR Southern Fasteners Ltd	Republic of Ireland	€254	Distribution of fastenings	100%	—
TR Norge AS	Norway	NOK 300,000	Distribution on fastenings	100%	—
TR Miller Holding B.V.	Holland	€45,378	Distribution of fastenings	100%	—
Lancaster Fastener Company Ltd	United Kingdom	£40,000	Distribution of fastenings	100%	—
TR Fastenings AB	Sweden	SEK1,500,000	Distribution of fastenings	100%	—
TR Hungary Kft	Hungary	HUF 3,000,000	Distribution of fastenings	100%	—
TR Keba Ltd	Turkey	TRY 225,000	Distribution of fastenings	100%	100%
TR Fastenings Poland Sp. Z o.o	Poland	PLN 50,000	Distribution of fastenings	100%	100%
Asia					
TR Asia Investment Holdings Pte Ltd	Singapore	SGD 4	Holding Company	100%	—
TR Formac Pte Ltd	Singapore	SGD 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	$200,000	Distribution of fastenings	100%	—
Special Fasteners Engineering Co Ltd	Taiwan	TWD 100,000,000	Manufacture and distribution of fastenings	100%	—

Notes
(Forming part of the Financial Statements)

Trifast plc — Principal trading subsidiary and associate undertakings

Name	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held Group	Company
TR Formac (Suzhou) Co. Ltd	China	$1,000,000	Manufacture and distribution of fastenings	100%	—
Techfast Holdings Bhd*	Malaysia	MYR 19,000,000	Manufacture and distribution of fastenings	25%	25%
Americas					
TR Fastenings Inc	USA	$1,168,063	Distribution of fastenings	100%	100%
Other					
Trifast Systems Ltd	United Kingdom	£100	Supply of computer software and hardware	100%	100%

* Associate undertaking.

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

There were no changes in ownership during the year other than the liquidation of TR France SARL.

Summarised Group Profit and Loss Account

(1 Year under UK GAAP)

	Under UK GAAP Year ended 31 March 2004 £000
Turnover	102,353
Cost of sales	(76,976)
Exceptional cost of sales	(590)
Gross profit	24,787
Net operating expenses (before goodwill amortisation and exceptional expenses)	(20,351)
Goodwill amortisation and impairment	(709)
Exceptional operating expenses	(297)
Operating profit	3,430
Termination of operations	—
Profit on disposal of fixed assets	376
Net interest payable	(374)
(Loss)/profit on ordinary activities before taxation	3,432
Taxation	(1,806)
(Loss)/profit on ordinary activities after taxation	1,626
Dividends	(1,438)
Retained (loss)/profit for the year	188
Dividends per ordinary share	2.00p
(Loss)/earnings per ordinary share	
Basic	2.26p
Diluted	2.24p
Adjusted diluted	4.06p

The key adjustments to bring the UK GAAP figures into line with applicable IFRS are share-based payments expense, goodwill amortisation, dividends and deferred tax on the revaluation of non-depreciable assets.

Summarised Consolidated Income Statement

(4 Years under IFRS)

	Under IFRS Year ended 31 March 2005 £000	Under IFRS Year ended 31 March 2006 £000	Under IFRS Year ended 31 March 2007 £000	Under IFRS Year ended 31 March 2008 £000
Revenue	103,823	117,282	131,946	122,364
Cost of sales	(76,816)	(88,150)	(97,224)	(88,650)
Gross profit	27,007	29,132	34,722	33,714
Other operating income	606	238	220	298
Distribution expenses	(3,423)	(3,774)	(2,868)	(2,805)
Administrative expenses before the following items:	(17,647)	(19,218)	(22,336)	(21,258)
Goodwill impairment	—	(786)	—	—
IFRS 2 charge	(108)	(121)	(213)	(303)
Intangible amortisation	(13)	(121)	(274)	(273)
Restructuring costs	—	(2,108)	(2,894)	—
Impairment of associate	—	—	—	(2,236)
Total administration costs	(17,768)	(22,354)	(25,717)	(24,070)
Operating profit before financing costs	6,422	3,242	6,357	7,137
Financial income	44	54	144	156
Financial expenses	(331)	(743)	(1,175)	(1,433)
Net financing costs	(287)	(689)	(1,031)	(1,277)
Share of profit of associate	—	—	100	140
Profit before tax	6,135	2,553	5,426	6,000
Taxation	(1,751)	(1,115)	(1,453)	(2,407)
Profit for the year (attributable to equity shareholders of the Parent Company)	4,384	1,438	3,973	3,593
Dividends per ordinary share	2.10p	2.21p	2.43p	2.80p
Earnings per share				
Basic	6.10p	1.86p	4.70p	4.23p
Diluted	6.04p	1.85p	4.70p	4.22p
Adjusted diluted	5.67p	4.76p	7.29p	6.85p

Company Details

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Incorporated in the United Kingdom

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Bill Wilson

Remuneration Committee
Bill Wilson (Chairman)
Anthony Allen
Eric Hutchinson

Nominations Committee
Anthony Allen (Chairman)
Steve Auld
Bill Wilson
Eric Hutchinson

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Shareholder Notes

This report was designed by Trifast's in-house Marketing Team.

We would like to thank all the staff who have assisted in the preparation of this Report.

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