Trifast plc

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Our strategy is based on

- Leadership
- Drive
- Motivation
- Focus
- Determination

Our people are our future

Trifast plc Annual Report and Accounts 2009

Trifast plc
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Tel: +44 (0)1825 747366

31 July 2009

Dear Shareholder,

After a series of discussions with a number of key Shareholders, my former long-term colleague Jim Barker and myself returned to Trifast as CEO and Chairman respectively on 18 March this year. Some of you may also be aware that Jim and I had previously been TR Directors, with a combined service period exceeding forty years and having seen the decline in the value and morale at TR, we were keen to regain responsibility for rebuilding Trifast.

Our immediate main priorities upon returning was to apply ourselves quickly to lift the very low staff morale, to negotiate renewed long-term banking facilities, to re-establish a global senior sales team, to review and dispose of severe loss making overseas subsidiaries, to restructure the UK sales accountability along with rationalising our Midlands operations, to establish leadership for our Asian businesses, to formulate more dynamic purchasing and sourcing capabilities and to evaluate our business model in the USA.

As you will see in the enclosed published Accounts, we have made a number of impairments and individually disclosed "one-off" costs relating to the 2008/9 year in order to "clear the decks" as much as possible and provide a cleaner and simpler basis of performance measurement going forward for the Group. At this juncture, as a new Board, we have also considered it not appropriate to declare a final dividend for the year ended March 2009, however, it is our intention to readdress this essential element of yielding Shareholder return next year.

Despite the damaging outcome of the global recession, the Trifast management team is refreshingly optimistic about its future business outlook and although challenging we feel that much of our recovery capabilities lie in our own hands.

Thank you for investing in our Company. Both myself, Jim and my fellow Board members also retain meaningful shareholdings ourselves, as do a number of employees within the business; therefore, we are as keen as you to restore profitability and return Shareholder value.

In the meantime, I hope that this publication reflects the underlying strength of the TR people and their commitment to the business. It is clearly split into sections to enable you to see what 2009 delivered, but more importantly our strategy for recovery. We hope that you will join us at the Company's AGM in September when you will have the chance to meet the Directors, managers and staff whilst also having the opportunity to visit the Uckfield operation and see for yourself how the business operates.

We give our personal ongoing commitment to you to do everything in our power to reward your trust. Therefore, if at any time you want to talk with either myself or one of the Main Board, please call our office above and we will be happy to deal with any questions or issues that you might have.

Yours sincerely

Malcolm Diamond MBE
Executive Chairman

BSI
ISO 9001 : 2008
FM00079

INVESTOR IN PEOPLE

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"This publication reflects the underlying strength of the TR people and their commitment to the business"

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Our Recovery Strategy

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Last Year's Performance

About Trifast

Listing: LSE Full Listing

Sector: Support Services

FT Sector: Industrial Engineering

Ticker Code: TRI.L

www.trifast.com

Our Products and TR Locations

"TR's international footprint gives us the ability to work with our customers anywhere around the world, from design through to bulk manufacture and supply via bespoke logistical supply solutions"

TR WORLDWIDE: LOCATIONS

BS EN9120 : 2005
FM00079

Recent Award

AS9120 certification awarded in March 2009

TR is now approved to market and sell to the Aerospace and Defence industries

About Trifast

"Trifast's trading business, TR Fastenings, is a leading international manufacturer and distributor of industrial fastenings to the assembly industries, with operations in Europe, Asia and the Americas"

WHERE WE CAME FROM

» Established as a local fastener distributor in Uckfield, East Sussex

» Opened our first manufacturing site in Uckfield

» Introduced Vendor Managed Inventory (VMI) into the UK fastener market

2002

- Opened distribution operation in mainland China specifically to target European and US companies operating in China

2005

- Consolidated our position in the UK by acquiring Serco-Ryan, the UK's fourth largest fastener company

WHERE WE ARE TODAY

- 20 distribution sites in 16 countries across Europe, Asia and North America
- Manufacturing plants in China, Singapore, Malaysia, Taiwan and the UK which concentrate on niche, high value products
- Strong focus on branded products, supply solutions and engineering support
- Employing over 900 people across the globe

Corporate Social Responsibility

"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"

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.

Business Ethics

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

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

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

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

Health & Safety

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

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

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

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

Environment

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

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

In respect of waste management specifically, we use the services of an external professional agency to manage and monitor activities using health check compliance audits and advice on data collection systems. Promoting recycling, we follow the agency's recommendation for appropriate waste disposal. Group performance and risk reviews are undertaken via Management Review on a regular basis and reported directly to Jim Barker, Chief Executive who has Main Board responsibility for the Group's Environmental Risk Policy. Trifast will communicate any significant environmental impact with third parties on request.

Community

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

Employees

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

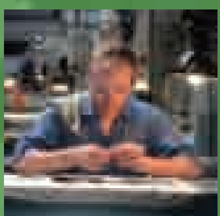
Communications

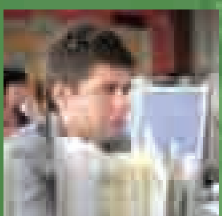
We aim to maintain a productive and open dialogue with all interested parties in our business including Shareholders, customers, suppliers and employees. We have established customer relations, conduct customer satisfaction surveys, monitor and develop supplier performance and undertake regular employee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

TR in Uckfield sponsors the local youth football team 'The Grasshoppers.' The picture shows TR employees and their children who all play in the team

Our Focus and Strategy

for the business





Our focus and strategy for the business

STATEMENT BY CHAIRMAN MALCOLM DIAMOND AND CHIEF EXECUTIVE JIM BARKER

"Like many other businesses, the current unprecedented turmoil of both the global financial and economic conditions has provided additional pressure to the business and our teams. Having spent time with our staff it is very clear that we have people with drive, ambition and expertise who are capable of building on the solid foundation and position we have in the marketplace and also exploiting the opportunities that will present themselves when confidence returns and economic conditions improve"

Our strategy is based on

- » Leadership
- » Drive
- » Motivation
- » Focus
- » Determination

Introduction

In March 2009, we were asked to consider returning to the Group to rebuild its position with the market. On 17 March 2009, the former Board of Trifast plc resigned (with the exception of Geoff Budd) and we were appointed with the backing of the key investors within the business.

In the short time we have been back we have reviewed the business by visiting nearly all of the operations and met the people who front the trading operations and it has been clear that the business has been lacking clear leadership and motivation to the 'troops' from the top.

Our first task has been to address the low staff morale, followed swiftly by a broad assessment of current trading and its link with our financial and banking status, and finally to formulate a realistically positive sales strategy designed to carry the Group forward over at least the next three years.

The Recovery Strategy

Clearly, the resignation of the former CEO, Chairman and Non-Executive Directors on 17 March 2009 was not only a dramatic demonstration of the power of Shareholder dissatisfaction but an indisputable indicator of what is now expected of us and our teams in delivering a turnaround in both the Group's commercial and financial performance, as well as its future prospects.

At the time of writing, actions taken and being implemented are:

- Some of our purchasing aspects are no longer competitive within our fast-changing sector, so we have devoted resource to focus on market testing in order to yield alternative suppliers and constrain habit buying

- Significantly reduced one on one reporting and cut the management structure from five levels to three which will allow key personnel to concentrate on adding value to the business

- Renewed dynamics injected into converting stock to cash which is now reversing stock trends downwards and this will remain a priority during this year

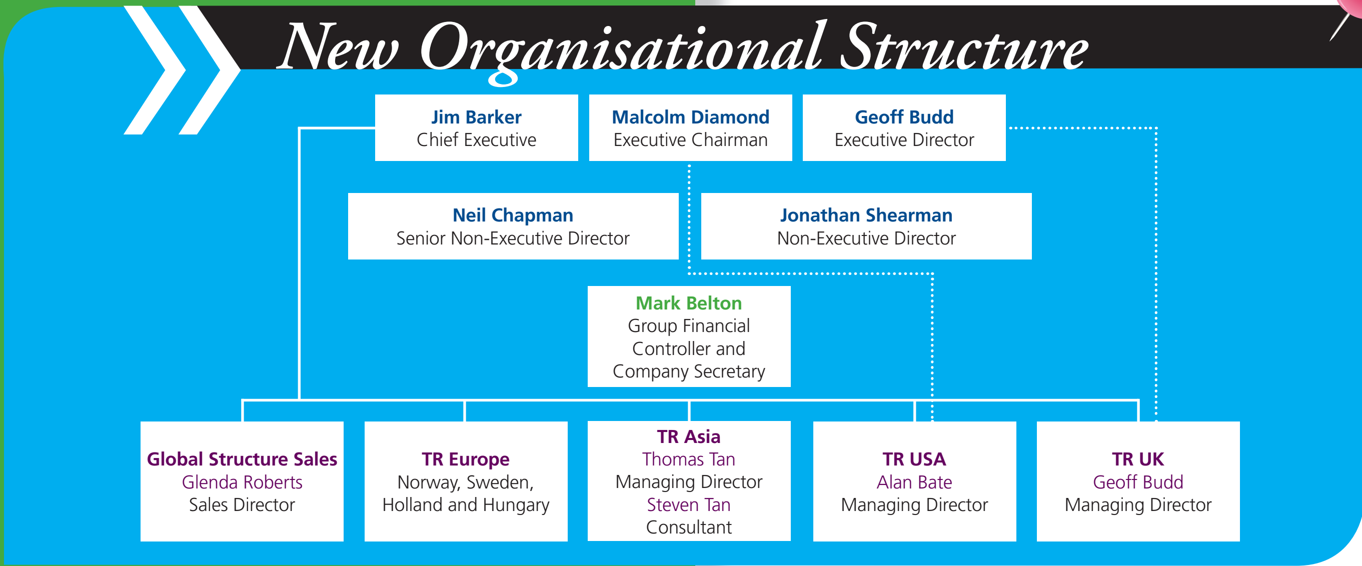
- Reinstated the Global sales team under the leadership of Glenda Roberts, TR's former Sales Director with many years of international business experience, with the objective of obtaining new customer business from multinationals on a global basis that generates material revenue sufficient to restore momentum from the current flat level. Key sector focus includes IT, telecoms/base stations, power generation and automotive in the regions of India and China

- TR UK has been hit the hardest by a combination of the economic downturn, an inappropriate sales structure and strategy plus high overheads. As a result, we are merging the two large distribution units in the Midlands, whilst also returning the sales responsibility function to the individual business units and curtailed centralised control where there has been a geographic disconnection between customer and quotation ownership

- The substantially loss making investment in Turkey has now been disposed of and we are close to finalising the disposal of a further investment for which impairment has been made in the year under review with no negative impact on staff for the financial year ending March 2010

- Regular dialogue and communications with all employees has been reintroduced thus ensuring that everyone knows what is happening in and outside the Group — this will help stimulate working partnerships and ultimately be reflected in both our commercial and financial performances

Our focus and strategy for the business continued



Thomas Tan
TR Asia Managing Director

Glenda Roberts
Global Strategic Sales

Alan Bate
TR USA Managing Director

Geoff Budd
TR UK Managing Director

People

Since our appointment we have visited all the operations within the Group not only to review the business but also to understand the people within them and the dynamics that they are operating under. Over the next few months we will be working closely with all the teams to renew their confidence in building their operation and exploiting the opportunities that lie ahead.

In addition, we were joined in March by Neil Chapman on the PLC Board as Senior Independent Non-Executive Director and our second NED, Jonathan Shearman joins the Board with effect from 1 July 2009. Both gentlemen have solid experience and excellent pedigrees and we believe that they can add value to the Executive team and contribute to the ongoing development of the TR business.

We would also like to take this opportunity on behalf of everyone at TR to welcome back to work Geoff Budd, who after a serious short illness has returned to the business and is contributing significantly to the new recovery strategy.

It is also important to recognise the tremendous efforts put in by the finance team which, under the excellent stewardship of the Group Financial Controller Mark Belton who, in addition to his CFO responsibilities, has supported the operations and produced the Group financial statements being reported.

“All our people are key to this business and on behalf of the Board and all stakeholders we thank them for their dedication and commitment particularly in these tougher times. We look forward to working with everyone over the coming year”

Sales development / Telemarketing
Mandy Scott —
Team Leader

Amanda Blackford, Freya Parker and Hayley Neilly
Sales Development Co-ordinators

The sales development team has over 30 years of experience between them. With high levels of product knowledge and industry expertise they are continuously striving to grow our business by proactively contacting prospective and existing customers

The Marketing Team
Anjanita Eldridge —
Marketing Manager

Abi Burnett —
Artworker & Marketing Co-ordinator

Donner Weller —
Market Analyst

Marketing continues to support the sales function by analysing industry trends and anticipated customer requirements, communicating TR brand values and product awareness throughout the organisation and to our customers

Phil Callaghan —
Global Logistics Manager

and Jo Devlin —
Project Manager

Communication between external logistics and the TR internal customer support team is essential to maintain the highest levels of service that our customers have come to expect

Our strategy is based on

» Leadership
» Drive
» Motivation
» Focus
» Determination

TR prides itself on its clean room packaging facilities and bonded stores fulfilling the supply requirements to industries such as electronics and aerospace & defence

Our focus and strategy for the business continued

Trifast has a broad range of capabilities. These are manufacturing, predominantly in Asia, plus worldwide distribution and Vendor-Managed Inventory ('VMI') to Original Equipment Manufacturers ('OEMs') and branded products sales to distributors in the European and US markets.

The above combination, although strong, has presented a rather muddled profile to the international market; therefore, this format has been restructured and the Group now operates under three focused divisions providing a clearer and more distinct identity to the business, whilst providing more flexibility in attributing valuations at a later stage of our regeneration programme. These are:

- Manufacturing
- OEM Distribution and Vendor Managed Inventory
- Branded Products

Sales to OEM and MRO — Europe

- stock needs to be concentrated into fewer locations
- introduce 'Hub and Spoke' operations in UK and Europe
- widen stock range to include products for the building industry and for the MRO sector
- introduce an online selling facility for standard products especially in the above sectors

Gordon Hotchkiss — *A&D Stock Manager*
Freya Parker — *Sales Development Co-ordinator*

Richard Manning — *Braintree Purchasing Assistant*
Pete Warren — *Sales Supervisor*

Merchant Sales

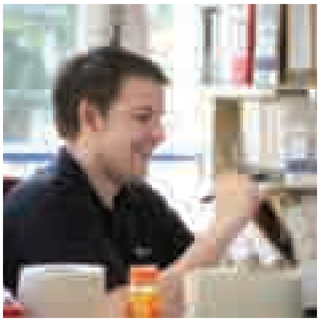
- sales activities to be concentrated through our operation, Lancaster Fasteners, who already have a good foothold in this market
- appoint distributors to handle proprietary products in the USA

Asia

- the basic structure in Asia is sound
- introduce into the Singapore operation a very specialist manufacturing unit, capable of producing the highest end components — including those from high specification material

Why implement this business structure?

- very few fastener companies are involved in all three major sectors in any significant way — separating the sectors will help the TR operations to work more effectively, enable financial markets to understand the businesses more easily and allow for clearer future evaluation
- each sector to be headed up by one person



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RECOVERY STRATEGY KEY POINTS

Three distinct business divisions:

» **Branded Products** (Global)
» **Transactional and Supply Chain Sales** (Global)
» **Manufacturing and 'Factory to Factory'** (Asia)

- Global sales team (UK based existing and new sectors) targeting +£500k pa (product spend) multinationals
- Purchasing and sourcing team (+ leader) being formulated
- Major trading alliances being developed with same sector players
- India and China to receive major sales focus
- Category 'C' items to be sourced through our Chinese office
- UK sales structure now directly linked to the three regional business hubs

FIRST KEY ACTIONS TAKEN BY THE NEW TEAM

Global offices

- All business units in UK, Europe, Asia and USA reviewed — most by CEO personal visit

Sales function — global sales team re-established

- renewed focus on selling to multinationals with spend >£500,000
- targeting profitable turnover and customer sectors — some new to TR, e.g. electricity, wind generation and petro-chem

Stocks

- completed review of stock levels, followed by realistic cash conversion plan targeted on a monthly basis
- placed an embargo on 'just in case' stock buying and imposed purchase authorisation limits where appropriate

Central costs

- urgent audit of central costs and instigated cull of all non-essential overheads and "luxuries"

Staff

- reviewing executive/operational management skill base and structure, making urgent changes where required
- regular communications to keep staff involved and understanding the process and any policies for change implemented — ensure we retain the improved morale

KEY ACTIONS IMPLEMENTED BY THE NEW TEAM SINCE APPOINTMENT IN MARCH 2009

- £2.5 million stock converted to cash in three months (outperforming forecast)
- Two loss making overseas operations — sale agreements reached (awaiting legal completion)
- Two UK Midlands hubs being merged into one modern unit
- Global sales team now fully deployed
- Purchasing now controlled and re-sourcing activities under way
- Clear and concise three pronged business strategy now instigated
- Over 30 major European and US competitors now individually communicated with at CEO level. Several major trading opportunities now mutually identified
- Five layers of management in Europe reduced to three
- PLC costs reduced by 40% (annual run rate)
- Operational overheads significantly reduced

Our focus and strategy for the business continued

MARKETPLACE CHALLENGES AND TRENDS

Competitor price down pressures on logistics systems and implementation creating the risk of lost existing and potential customer revenue

Solution

We have benchmarked our operations against several leading logistics providers (within and outside our sector) and have embarked on a comprehensive rationalisation programme to reduce resource duplication within the Group

The threat of the 'W' shaped global economic recovery and relapse that takes product demand down for a second time

Solution

The re-established global sales team coupled with a total re-jig of our purchasing strategy will realistically enable us to secure a larger market share despite a possible repeated reduction in overall market size. If we had as much as 1% global market share, even in the midst of the downturn, Trifast would enjoy a sales revenue of at least £500 million so growth aspirations are legitimate

OUR KPI's FOR DELIVERING THE STRATEGY

Key Objective	Key Performance Indicators
To win key, large profitable customers in Asia and Europe	New customer conversion rate
To win increase market penetration of TR Branded Products	Sales of TR Branded Products
To retain existing customers and strengthen customer relationships to maximise the available opportunities	Growth from existing customers and customer satisfaction results
To improve the quality of our supply chain	Own manufactured spend as a % of total spend. Number of quality rejects
To generate cash	Reduction in debt funding organic growth

POST YEAR END

Current Trading

- enquiry levels increasing
- customer stocks now depleting, leading to order renewals being imminently expected
- buy/sell margins generally being preserved

Outlook

- long-term banking facilities being finalised with HSBC
- competitive edge purchasing and sourcing resources feeding bottom line
- sales led culture
- cash generative — with a foreseeable restoration of dividends
- an organisation transformed from decline to growth with sustained reliability of performance
- open, honest and clear communications with our Shareholders on a predictably reliable basis

Summary

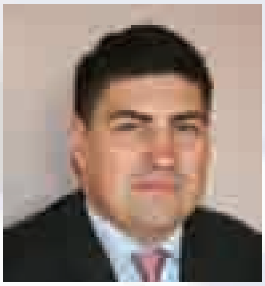
The TR Senior Management team believe that:

- TR has experienced and capable teams who now have renewed motivation & focus
- leadership from the top to drive the business forward is highly motivated and determined
- TR can respond to the challenging environment by exploiting its market position and brand internationally
- to rebuild margin & operational profitability requires IT and incoming/outgoing supply logistics to be the priority (specialist adviser now identified)
- its main responsibility is to rebuild Shareholder value and respect by restoring confidence in delivering sustainable profit growth

Trifast Board of Directors

Neil Chapman
Non-Executive Director

- Appointed 24 March 2009 as Senior Independent Non-Executive Director and Chairman of the Company's Audit Committee
- Former Senior Partner of KPMG's South East region
- Extensive experience across a variety of disciplines and sectors including technology, commercial and industrial projects
- Other current roles include; Group Finance Director of Endeavour Holdings Ltd and Financial Adviser to The Disabilities Trust



Jonathan Shearman
Non-Executive Director

- Appointed 1 July 2009 as Independent Non-Executive Director and Chairman of the Company's Remuneration Committee
- Extensive City experience having worked within the Stockbroking and Investment Community for 15 years
- Other current roles include; Adviser to the securities division of European Investment Banking Group, Altium; Chair of the strategic planning committee of the Christian Centre, Nottingham

1 Jim Barker
Chief Executive Officer

- Re-appointed 18 March 2009
- Succeeded Malcolm Diamond in 2002 as CEO (30 years' experience in fastener industry) and guided the development of TR until his retirement from TR in 2007
- Played a major role in the development of Trifast's international footprint particularly in Asia in both manufacturing and distribution, helping to underpin *'TR'* as a leading brand within the industry
- Other interests — charity work with 'Safepoint', a UK-based charity promoting the safe use of injections in the third world, and Non-Executive Chairman of Bio-Energy Technology Limited, a fledgling green energy company

2 Malcolm Diamond
Executive Chairman

- Appointed 18 March 2009
- Retired from Trifast in 2002 following a successful career spanning over 20 years with the Company as CEO
- Malcolm was the principal driver of Trifast's founding strategic development, and led the PLC listing in 1994 and achieved TR's objectives of improving market penetration and a strong global presence
- Subsequently devoted his time advising a number of businesses on their strategic planning, management development programmes and marketing initiatives
- Other directorships include Non-Executive Director of Dechra Pharmaceuticals PLC, Unicorn AIM VCT II Investment Fund and Chairman of Cathedral Works Organisation Ltd

3 Geoff Budd
Executive Director

- Joined the Company in 1976
- Executive member of the Board since 1986
- Recently appointed MD of TR Fastenings UK

4 Mark Belton
Group Financial Controller and Company Secretary

- Qualified as Chartered Accountant at KPMG in 1994
- Joined Trifast in 1999 and became Group Accountant in 2000
- 2003 became European Finance Controller
- 2004 became Group Financial Controller and Company Secretary
- Joined the European Operating Board in 2006

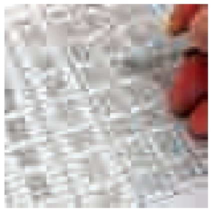
Last Year's Performance

Operating Review for the year ended 31 March 2009

»

Performance Review

"The 2009 financial numbers provide the base from where we are rebuilding, and as a Board we intend to implement our revised strategy which will see the business improve profitability and increase Shareholder value"



2009 KEY FINANCIALS

- Revenue £104.9 million
- Adjusted pre-tax profit of £2.54 million, despite prevailing market conditions*
- Pre-tax loss from continuing operations: (£11.00 million)
- Continued cash generation from operations of £5.91 million through reduction of working capital
- Reduction in gross debt of £1.64 million

* Excluding discontinued operations and takes into account separately disclosed items as shown on page 25

2009 OPERATING REVIEW

This year under review has been the toughest the business has had in recent years. However, in line with most of the UK and indeed global manufacturing demand from our customers in the automotive, electronics and domestic appliances sectors reduced dramatically in Q3 of the year under review; this has been reflected in the Group revenue, and more importantly, our operating margin, and due to curtailment or delay to customers schedules, the impact on stock.

By cruel coincidence in Q4 the EU imposed anti-dumping duties on steel components from China that ranged up to as much as 105%. Price competition within the fastener industry over the past decade has driven European bulk sourcing to the lower cost sourcing economies, of which China is the most prolific supplier. Consequently, most European fastener distributors ramped up their buying quantities from this region last year so as to ensure requirements were received ahead of the due imposition date. This, combined with the significant decline in customer requirements, created overstocking in the sector from which we as a Group were not immune.

Against a backdrop of weakening markets and lack of visibility, Trifast focused in the second half of the year on wide scale global cost, overhead and stock reduction programmes, the impact of which can be seen under the restructuring costs reflected in our financial numbers reported. These include compensation costs relating to the termination of the employment of the Chief Financial Officer by the former CEO, Steve Auld, who himself, following Shareholder representation in March, resigned from the Company.

Finance Review 2009

Income Statement

The income statement for the year ended 31 March 2009 in relation to continuing operations can be summarised as follows:

	2009	2008
Revenue*	**£104.90m**	£120.40m
Adjusted EBITDA*	**£4.55m**	£11.42m
Adjusted pre-tax profit*	**£2.54m**	£8.99m
Pre-tax loss from continuing operations	**(£11.00m)**	£6.18m
Adjusted diluted EPS*	**1.15p**	7.69p
Dividend	**0.93p**	2.80p

** These figures exclude discontinued operations and take into account the separately identifiable items as below, which the management believe provide a better understanding of the Group's underlying performance*

Revenue

Revenue has fallen by 12.9%. This reduction is due to the economic slowdown across all industry sectors and geographic segments. Particularly hard hit has been the automotive sector, which affected our UK, Swedish and Taiwanese operations.

Although the first half of the year saw a slight decrease in year on year revenue of 2.2%, as we started to head further into the recession, the second half of the year began to take the full impact of the economic downturn with like for like revenue dropping by 26.7%. Based on the anticipated drop-off in sales, the Board reacted quickly in formulating a restructuring programme.

Adjusted pre-tax profit and operating margins

Despite the economic turmoil, the Board is pleased that the Group showed an underlying profit figure of £2.54 million (2008: £8.99 million). This profit figure is arrived at before charging the separately disclosed items shown further below.

Buy/Sell margins remained relatively stable year on year. However, gross profit margins deteriorated from 27.7% to 25.3%, largely as a result of fixed overheads over a lower revenue base, and a greater production variance due to reduced capacity utilisation.

To ensure the Group continued to be profitable the Board proactively reviewed the operations at the end of H1 and formulated a restructuring programme, which is estimated to provide annual savings of *c.*£4.00 million; these savings started to be realised during H2.

Separately disclosed items

The new Board believes that the items below need to be taken into consideration to understand the Group's underlying performance:

i.	Restructuring programme	£3.70 million
ii.	Goodwill impairments	£8.30 million
iii.	Associate impairment	£0.66 million
iv.	Settlement claim	£0.56 million
v.	Intangible amortisation	£0.27 million
vi.	IFRS 2 charges	£0.05 million
		Total: £13.54 million

i. Restructuring programme

A full review of our global operational sites was undertaken, which resulted in £1.75 million redundancy/compensation payments worldwide and £1.95 million in relation to site closures, downsizing, and mergers within the UK and US operations. In particular, within TR UK we have started to merge two large distribution units in the Midlands. Included in the above payments £0.66, million relate to compensation payments to Directors for loss of office as a result of Board changes.

The cash effect of the above restructuring costs is £2.4 million, £1.2 million of which had been expended already by 31 March 2009.

ii. Goodwill impairments

The Board has reviewed the carrying value of its investments in conjunction with external valuers and, given the uncertain economic environment, has impaired goodwill for the following entities:

Serco Ryan (UK, within TR Fastenings)	£6.20 million
TR Fastenings AB (Sweden)	£0.60 million
Special Fasteners Engineering Co. Ltd (Taiwan)	£1.50 million

In addition, as a result of the sale of TR Keba (Turkey) back to its existing management team, a full impairment of £0.81 million was made. This is shown within discontinued operations.

These impairments have no cash impact.

iii. Associate impairment

The Group has a 25% investment in Techfast Holding Bhd, a company listed on the Kuala Lumpur Stock Exchange. Given the continuing deterioration of Techfast's share price and management's view on its recoverable amount, the Board decided to fully impair the remaining value of the investment in Techfast, of £0.66 million. This impairment has no cash impact.

iv. Settlement claim

This represents a long-standing legal claim going back to 2002 in relation to alleged defects in products supplied by Special Fasteners Engineering Ltd ("SFE"), and was detailed in our Placing and Open Offer document for the acquisition of Serco Ryan Ltd in September 2005. The claim against SFE was for approximately US$3.9 million and SFE strongly denied all such liability. However, in order for the issue to be resolved and prevent further legal costs being incurred, a settlement figure was agreed upon in December 2008 without prejudice and without admission of liability whereby SFE would waive its counterclaims (for which it had deferred judgement of US$0.18 million) and would pay US$0.9 million (£0.56 million). Half of this payment was made in June 2009 with the remainder due in December 2009.

Interest and interest cover

The Group has benefited from the decrease in the Bank base rates during the year, and tight control over the Group's cash resources has resulted in a reduction of net interest of 37.6%. Given the reduced level of profits, however, net interest cover has dropped from 8.9 to 5.7 (defined as EBITDA to net interest).

Taxation

Despite the Group making pre-tax losses of £11.00 million, there was still a charge in the year of £0.52 million, ETR (4.7%), largely due to the non-tax deductibility of the significant impairments made during the year (2008: a charge of £2.44 million, ETR 39.5%). All of the 2009 tax charge related to overseas operations.

Dividend

The Group paid an interim dividend of 0.93p on 17 January 2009. In view of the lack of visibility and in order to preserve cash for the future investment in the business the new Board is not recommending the payment of a final dividend. It is the objective of the new Board to return to a progressive dividend policy in the future and the position will be considered as trading improves.

Balance sheet

Group

At 31 March 2009, total Shareholder equity amounted to £42.47 million (2008: £52.97 million), a decrease of 19.8%.

This reduction is largely in relation to intangible asset and associate company impairments and reduced working capital.

The Group has continued to generate cash through reducing its working capital and this is evident in the stock and debtor reductions shown at £1.31 million and £7.00 million respectively.

Company

Given the large restructuring costs, the goodwill and associate impairments, and an investment impairment of £3.17 million in relation to TR Keba, the Company has negative distributable reserves of £6.98 million. In order for the Company to eventually return to its progressive dividend policy, the new Board will be taking the necessary steps during 2010 to rectify this position.

Cash flow

Despite the economic downturn, the Group continued to generate cash operationally. It really was a game of two halves. During H1 the adjusted operating profit of £4.13 million was offset by a £3.67 million increase in working capital giving £0.46 million cash generated from operations. The increase in working capital was largely as a result of forward purchasing of stock to protect against raw material price increases in Asia.

During H2, the Group has been able to utilise this stock and slow down future ordering. Management recognise that cash is "King" and the emphasis is on reducing stock further during 2010. In addition, continual tight control over receivables has resulted in a true working capital turnaround for H2 of *c.*£7.00 million.

Debtor days remain strong at 70 (2008: 70) and bad debts in the period were £0.10 million, similar to last year, which is felt acceptable given the current climate.

As stated previously under the separately disclosed items, £3.00 million cash outflow has been identified, of which £1.20 million has already been incurred during 2009.

Finally, capital expenditure has reduced from £1.11 million in 2008 to £0.73 million in 2009, as the Group is taking a stronger view on its capital expenditure requirements and will only invest if the requirements are for legal, health and safety or for increased cash generation.

Funding

Loan repayments of £2.73 million during the year were offset by a foreign exchange loss on our US$ loan of £1.09 million resulting in a gross debt reduction of £1.64 million to £14.82 million as at 31 March 2009 (2008: £16.46 million).

Net debt remained relatively constant at £8.40 million (2008: £8.21 million) but showed an improvement of £1.31 million in H2 due to the working capital improvements as already discussed. This gives an overall gearing of 20% (2008: 16%) due to the lower equity base.

At the year end the Group held net cash balances of £6.42 million (2008: £8.25 million). Gross cash balances of £8.90 million were held in foreign currencies (2008: £8.62 million). As a Group, our policy is to monitor exchange rates and buy and sell currencies in order to minimise our open exposure to foreign exchange risk, but we do not speculate on rates.

Bank Facilities

Currently, the Group has a £6.00 million overdraft payable on demand and term loans outstanding of £14.92 million used to fund prior acquisitions. Full details of the maturity dates of the Group's borrowings are disclosed in note 21 of the Financial Statements. These vary between less than one year and 3.5 years from the balance sheet date.

All the bank loans are secured by an unlimited multilateral guarantee between the main trading companies of the Group and are reviewed using quarterly covenants. Although one of the covenants relating to EBITDA will be tested in the next quarter and compliance is dependent on the current trading outlook, management do not forecast a breach will occur in the next 12 months. As a result of the uncertain economic environment and the imminent renewal date in September 2009 of the current overdraft facility, the Company has started negotiations with its bankers to put the facilities onto a longer term basis with a new set of covenants with appropriate headroom against the forecasts.

The Board is pleased to report that these discussions have been positive and are at an advanced stage. HSBC has proposed terms for a three-year asset backed facility to replace the current overdraft. HSBC has also confirmed their intention to restructure the overall facility with covenants more appropriate to reflect the current levels of trading. Inevitably in the current lending market these facilities will attract a higher cost. However, the Directors believe that the added security of term and flexibility offered by the facilities will justify such cost and they are confident of concluding final agreement with the bank within a short period of time.

Discontinued Operations

During March 2009, a review was undertaken as to the commercial and strategic viability of keeping our Turkish operation, TR Keba.

The new Board decided that given the economic uncertainty it did not want to continue to fund a loss making subsidiary and entered into negotiations with TR Keba's Management team to sell the company back to them.

The sale was agreed and resulted in a discontinued loss of £3.79 million, comprising £0.81 million relating to goodwill impairment, £0.84 million relating to TR Keba's operational losses and £2.14 million loss on disposal.

Directors' Report

The Directors present their Directors' report and financial statements for the year ended 31 March 2009.

Results and proposed dividends

Total Group revenue from continuing operations was £104.90 million (2008: £120.40 million) and the loss for the year before taxation was £11.00 million (2008: profit £6.18 million). Underlying profit for the Group was £2.54 million (2008: £8.99 million); see note 2 for breakdown.

The Directors do not recommend a final dividend (2008: 1.87p per ordinary share). This means with the interim dividend of 0.93p (2008: 0.93p) per ordinary share, a total of 0.93p (2008: 2.80p) per ordinary share for the year.

Dividends paid during the year comprise a final dividend of 1.87p (2008: 1.66p) per ordinary share in respect of the previous year ended 31 March 2008, together with an interim dividend in respect of the year ended 31 March 2009 of 0.93p (2008: 0.93p) 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 and CEO's Statement and the Directors' Business Review.

This includes that information to be included in the Directors' Report as required by the enhanced business review under 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 12. An analysis of key performance indicators is given on page 19.

A description of the principal risks and undertakings facing the Group is discussed on page 18.

A description of the main trends and factors likely to affect future development is given on pages 18 and 19.

Information on environmental and social issues is provided on pages 8 and 9.

The key assumptions underlying the going concerns basis of preparation, including a discussion of the Group's banking facilities, are included on page 52.

Annual General Meeting

The Annual General Meeting will be held on 23 September 2009, 12 noon, 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 45 (2008: 41) and 75 (2008: 76) for the Group.

Directors and Directors' interests

Details on how the Company appoints and replaces Directors are disclosed in the Corporate Governance Report.

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

Chairman

M M Diamond	— (Executive Director – appointed 18 March 2009)
A V Allen	— (Non-Executive Director – resigned 17 March 2009)

Executive Directors

J C Barker	— (Chief Executive Officer – appointed 18 March 2009)
S Auld	— (Chief Executive Officer – resigned 17 March 2009)
G P Budd	
S Lawson	— (Chief Financial Officer – resigned 31 January 2009)

Non-Executive Directors

N S Chapman	— (appointed 24 March 2009)
E G Hutchinson	— (resigned 17 March 2009)
B Wilson	— (resigned 17 March 2009)

The Directors' remuneration and their interests in share capital are shown in the Remuneration Report on pages 31 to 38.

Substantial shareholdings

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

As at 31 May 2009, 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	14,249,716	16.72
Michael C Timms (including family interests)	9,825,000	11.53
Fidelity Management & Research	7,000,000	8.21
Michael J Roberts	5,960,000	6.99
Hermes Fund Managers Limited	5,871,675	6.89
UBS Investment Bank (MM)	5,790,150	6.79
Axa (Institutional Group)	5,315,800	6.24
Schroder Investment Management Limited	4,717,536	5.53
River & Mercantile Asset Management	2,917,963	3.42
Universities Superannuation Scheme Ltd (USS)	2,848,618	3.34

Directors' Report continued

Employees

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

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

Political and charitable contributions

During the year the Group made no political donations (2008: £nil) and various charitable contributions totalling £0.02 million (2008: £0.01 million).

Disclosure of information to Auditors

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

Auditors

In accordance with Section 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.

By order of the Board

M Belton
Company Secretary

16 June 2009

Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Directors' Remuneration Report

(Information not subject to audit)

The Directors present the Remuneration Report for the year ended 31 March 2009. 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 outside of the reduced Non-Executive position of the Company from 17 March to 1 July 2009, the Company complied with the Principles and Provisions on remuneration specified in the Combined Code.

Remuneration Committee

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

The Committee is composed entirely of independent Non-Executive Directors. On 17 March 2009 Bill Wilson (Chairman), Anthony Allen and Eric Hutchinson resigned and were replaced by Neil Chapman (appointed 24 March 2009) and Jonathan Shearman who will join the committee as Chairman on 1 July 2009. 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 93 of the Report and Accounts.

The Committee had eight 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 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.

The Directors Steve Auld and Stuart Lawson stepped down from the Board on 17 March and 31 January 2009 respectively, and were compensated accordingly as per their contracts. (See table on page 38.)

Actual remuneration to the Executives is shown in the table on page 38.

Directors' Remuneration Report continued

(Information not subject to audit)

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 2009 was to set base salaries around the lower quartile to median of an appropriate comparator group.

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

- Objective research based on a review of the remuneration in UK quoted companies with similar corporate attributes drawn from the following industry sectors:

  — Support Services
  — Engineering and Machinery
  — Electronic and Electrical Equipment
  — Engineering

- The performance of the individual Executive Director.

- Experience and responsibilities of each Executive Director.

- Pay and conditions throughout the Group.

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

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 was 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.

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

The pension provision is in line with market practice.

Annual Bonus Payment

For the year ended 31 March 2009 no bonuses were paid. A full review of the Executive Remuneration packages including the balance between fixed and variable performance related compensation will be performed by the Remuneration Committee during 2010.

Long-Term Incentives

Following approval at the 2005 Annual General Meeting, the Company introduced a 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 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 37. The future of the LTIP is being considered as part of the wider review of Executive compensation.

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 (resigned 17 March 2009)
S Lawson	1 January 2003 (resigned 31 January 2009)
G P Budd	17 April 2003
M M Diamond	18 March 2009
J C Barker	18 March 2009

Directors' Remuneration Report continued

(Information not subject to audit)

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 (resigned 17 March 2009)
E G Hutchinson	21 June 2004 (resigned 17 March 2009)
B Wilson	8 January 2008 (resigned 17 March 2009)
N S Chapman	24 March 2009

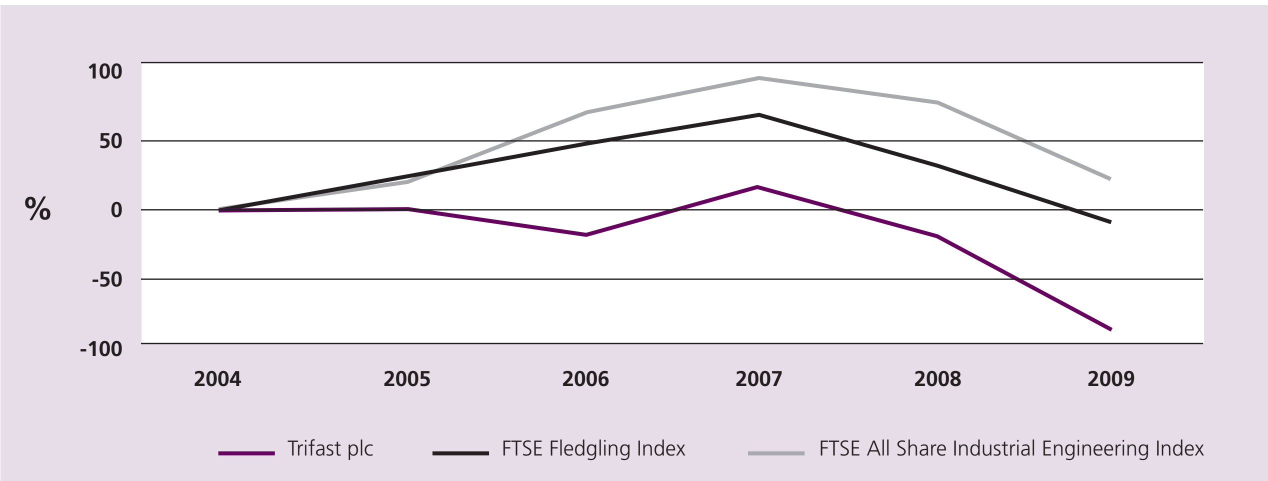
All Non-Executive Directors have one month notice periods and no contractual termination payments.

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

c) Performance Graph

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

TOTAL SHAREHOLDER RETURN FROM 31 MARCH 2004



The Remuneration Report (including accompanying notes) was approved by the Board of Directors on 16 June 2009 and was signed on its behalf by:

Neil Chapman
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/ date of appointment
G P Budd	245,955	235,955
J C Barker	473,229	473,229
M M Diamond	493,800	493,800
N S Chapman	220,000	–

There were no non-beneficial interests.

The Director retiring by rotation is Geoff Budd who holds a year rolling service contract with the Company and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Both Malcolm Diamond and Jim Barker were appointed to the Board on 18 March 2009 and Neil Chapman was appointed to the Board on 24 March 2009 and, accordingly, all 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 2008	Options granted in the year	Options cancelled in the year[1]	Options exercised in the year	**At 31 March 2009**
G P Budd	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 Jul '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	0.75	21,833	–	–	–	**21,833**
S Auld	SAYE options	0.50	32,200	–	–	–	**32,200**

No other Director has share options.

[1] Options were cancelled on resignation.

Notes to the Directors' Remuneration Report
continued

(Information subject to audit)

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 11 August 1998 were exercisable between August 2001 and August 2008 at an exercise price of £1.52 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 2009 was £0.09 (2008: £0.58) and the range during the year was £0.58 to £0.08 (2008: £0.51 to £0.89).

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

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

LTIP Awards over shares of 5p each

The details of the awards under the LTIP made to Executive Directors who held office during the financial year are shown below:

Executive Directors	Date of grant	Share price at date of grant	Value of Shares Conditionally Awarded Number	Value at date of grant	Date of the end of the holding period
G P Budd	31.07.2006	54.25p	300,000	£162,750	31.07.2009
	31.07.2007	82.25p	210,942	£173,500	31.07.2010
	31.07.2008	51.50p	413,793	£213,103	31.07.2011
S Lawson	31.07.2006	54.25p	300,000	£162,750	31.07.2009
	31.07.2007	82.25p	248,024	£204,000	31.07.2010
	31.07.2008	51.50p	449,261	£231,369	31.07.2011
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
	31.07.2008	51.50p	608,867	£313,566	31.07.2011

All the LTIP awards for S Lawson and S Auld were cancelled on their resignations, on 31 January and 17 March 2009 resepectively.

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%
16%	75%
18%	100%

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
continued

(Information subject to audit)

Directors' Remuneration

MARCH 2009

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

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							
G P Budd	–	174	35	19	228	35	263
S Tan[2] (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

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

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

Corporate Governance

With exceptions as highlighted below, the Company complied with the provisions of the revised Combined Code on corporate governance issued by the Financial Reporting Council in June 2006 (as amended) ("the Combined Code").

The Board acknowledges that for part of the year the Board structure was not compliant with provision C.3.1 of the Combined Code due to restructuring of the Board. This provision requires a smaller company to have at least two independent non-executives and this will be rectified by 1 July 2009. From 17 March 2009 to 24 March 2009 the Company had no independent Non-Executive Directors. Since 24 March 2009 the Company has had only one independent Non-Executive Director.

The appointment of independent Non-Executive Director, Jonathan Shearman, on 1 July 2009 means that the Company will return to a compliant position with the Code.

The reduced Non-Executive position of the Company between these dates means that the Company was also unable to comply with the Combined Code minimum Non-Executive Director requirements in the Audit, Remuneration and Nomination Committees during this time.

The Board also acknowledges that the appointment of Malcolm Diamond as a non-independent Executive Chairman does not comply with the requirements of the Combined Code. However, the Board feel that given Malcolm sits as Chairman and as a Non-Executive in other companies, his experience from these appointments and his previous knowledge of Trifast is invaluable.

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

The Board

Currently the Board consists of two Executive Directors, one Non-Executive Director and a Chairman. On 1 July 2009 the Board will welcome another Non-Executive Director, Jonathan Shearman, to the Company. The Non-Executive Directors are considered to be independent of management and free from any business or other relationship which could interfere with the exercise of his independent judgement for the purposes of the Code. The Chairman, who is an Executive Chairman, is not considered by the Board to be independent.

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

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

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

A V Allen (resigned 17/3/09)	9
J C Barker (appointed 18/3/09)	1
S Lawson (resigned 31/1/09)	6
G P Budd	8
S Auld (resigned 17/3/09)	6
E G Hutchinson (resigned 17/3/09)	9
M M Diamond (appointed 18/3/09)	1
N S Chapman (appointed 24/3/09)	1
B Wilson (resigned 17/3/09)	9

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.

Corporate Governance continued

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

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

The Board meets a minimum of five times, 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 consisted entirely of independent Non-Executive Directors. It was chaired by Eric Hutchinson and has met twice in the year. Eric Hutchinson resigned from the Audit Committee on 17 March 2009 and was replaced by Neil Chapman on 24 March 2009. The Audit Committee 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 previous Chairman (Eric Hutchinson) is a qualified FCCA, and works in industry as a Group Finance Director. The current Chairman (Neil Chapman) is a qualified FCA, was the senior partner of KPMG's Gatwick operation and now works in industry as a Group Finance Director. Jonathan Shearman (Non-Executive Director) will also join the Committee on 1 July 2009. The Committee is considered adequately qualified.

For remuneration details see the tables on page 38.

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 and CEO attending the Committee meetings.

The Remuneration Committee

The Remuneration Committee comprises independent Non-Executive Directors and was Chaired during the year by Bill Wilson. Bill Wilson resigned on 17 March 2009. Neil Chapman joined the Committee on 24 March 2009 and Jonathan Shearman will also join the Committee as Chairman on 1 July 2009. The Committee meets as required during the year to review and determine the terms and conditions of employment of the Executive Directors and senior management, including levels of remuneration and other benefits. During the period the Committee met on eight occasions.

The Nominations Committee

The Nominations Committee comprises; the Chairman, all the Non-Executive Directors and the Chief Executive and it 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.

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:

Arden Partners — Institutions
Citigate Dewe Rogerson — Press and Analysts
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. Further information is given in the basis of preparation note 1. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal control

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

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

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

Corporate Governance continued

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

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

The key elements of the system are as follows:

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

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

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

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 are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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.

The Annual Report and accounts complies with the Disclosure and Transparency Rules ("DTR") of the United Kingdom's Financial Services Authority in respect of the requirement to produce an annual financial report. The Annual Report and accounts is the responsibility of, and has been approved by, the Directors.

We confirm that to the best of our knowledge:

- the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU;
- the financial statements give a true fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and accounts includes a review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they may face.

On behalf of the Board

Mark Belton
Company Secretary

16 June 2009

Independent Auditors' Report

to the members of Trifast plc

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 2009 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and 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 43.

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 and CEO'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 2009 and of its loss 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 2009;
- 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
Chartered Accountants
Registered Auditor

16 June 2009

Consolidated Income Statement

For year ended 31 March 2009

	Note	2009 £000	2008 £000
Revenue	3	**104,901**	120,397
Cost of sales		**(78,312)**	(87,039)
Gross profit		**26,589**	33,358
Other operating income	4	**156**	290
Distribution expenses		**(2,814)**	(2,802)
Administrative expenses before separately disclosed items:	2	**(20,593)**	(20,721)
IFRS 2 charge		**(55)**	(303)
Intangible amortisation	2, 13	**(266)**	(273)
Goodwill impairment	2, 13	**(8,303)**	–
Settlement claim	2	**(555)**	–
Restructuring costs	2	**(3,701)**	–
Impairment of associate	2, 15	**(659)**	(2,236)
Total administrative expenses		**(34,132)**	(23,533)
Operating (loss)/profit	5, 6, 7	**(10,201)**	7,313
Financial income	8	**99**	156
Financial expenses	8	**(896)**	(1,433)
Net financing costs		**(797)**	(1,277)
Share of profit of associate	15	**–**	140
(Loss)/profit before tax	2, 3	**(10,998)**	6,176
Taxation	9	**(520)**	(2,442)
(Loss)/profit from continuing operations (attributable to equity Shareholders of the Parent Company)		**(11,518)**	3,734
Discontinued operations			
Loss from discontinued operations (net of income tax)	3, 10	**(3,792)**	(141)
(Loss)/profit for the period		**(15,310)**	3,593
(Loss)/earnings per share (total)			
Basic	26	**(17.98p)**	4.23p
Diluted	26	**(17.98p)**	4.22p
(Loss)/earnings per share (continuing operations)			
Basic	26	**(13.53p)**	4.40p
Diluted	26	**(13.53p)**	4.39p
Dividends			
Final proposed 2009 — 0.00p (2008: 1.87p)	25	**–**	1,589
Interim paid 2009 — 0.93p (2008: 0.93p)	25	**793**	790

Statement of Recognised Income and Expense

For year ended 31 March 2009

		Group		Company	
		2009	2008	**2009**	2008
	Note	**£000**	£000	**£000**	£000
Foreign exchange translation differences		**7,135**	2,962	**–**	–
Net gain/(loss) on hedge of net investment in foreign subsidiary		**7**	(55)	**–**	–
Net income recognised directly in equity	25	**7,142**	2,907	**–**	–
(Loss)/profit for the year	25	**(15,310)**	3,593	**(8,900)**	1,625
Total recognised (expense)/income for the year	25	**(8,168)**	6,500	**(8,900)**	1,625

Balance Sheets

At 31 March 2009

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Non-current assets					
Property, plant and equipment	11, 12	**8,606**	8,570	**2,711**	2,775
Intangible assets	13, 14	**16,380**	23,828	**–**	4
Investment in associate	15	**–**	659	**–**	500
Equity investments	15	**–**	–	**21,874**	29,110
Deferred tax assets	16, 17	**707**	383	**–**	–
Total non-current assets		**25,693**	33,440	**24,585**	32,389
Current assets					
Stocks	18	**23,952**	25,263	**–**	–
Trade and other receivables	19	**18,362**	25,363	**1,677**	2,877
Cash and cash equivalents	20, 27	**9,063**	8,618	**4,019**	5,254
Total current assets		**51,377**	59,244	**5,696**	8,131
Total assets	3	**77,070**	92,684	**30,281**	40,520
Current liabilities					
Bank overdraft	20, 27	**2,641**	371	**5,728**	4,000
Other interest-bearing loans and borrowings	21, 27	**2,547**	2,590	**1,135**	1,510
Trade and other payables	22	**14,838**	20,135	**1,175**	1,049
Tax payable		**8**	1,328	**–**	–
Provisions	24	**1,166**	70	**517**	9
Total current liabilities		**21,200**	24,494	**8,555**	6,568
Non-current liabilities					
Other interest-bearing loans and borrowings	21, 27	**12,271**	13,865	**10,446**	11,582
Provisions	24	**781**	901	**–**	–
Deferred tax liabilities	16, 17	**348**	459	**306**	169
Total non-current liabilities		**13,400**	15,225	**10,752**	11,751
Total liabilities		**34,600**	39,719	**19,307**	18,319
Net assets	3	**42,470**	52,965	**10,974**	22,201
Equity attributable to equity holders of the parent					
Share capital	25	**4,262**	4,248	**4,262**	4,248
Share premium	25	**12,167**	12,167	**12,167**	12,167
Reserves	25	**8,958**	1,816	**1,521**	2,393
Retained earnings	25	**17,083**	34,734	**(6,976)**	3,393
Total equity	25	**42,470**	52,965	**10,974**	22,201

These financial statements were approved by the Board of Directors on 16 June 2009 and were signed on its behalf by:

Malcolm Diamond
Director

James Barker
Director

Cash Flow Statements

For year ended 31 March 2009

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Cash flows from operating activities					
(Loss)/profit for the year		**(15,310)**	3,593	**(8,900)**	1,625
Adjustments for:					
Depreciation, amortisation and impairment		**9,780**	1,425	**9,419**	4,021
Financial income		**(99)**	(156)	**(51)**	(301)
Financial expense		**896**	1,433	**678**	882
Gain/(loss) on sale of property, plant and equipment and investments		**436**	(24)	**–**	–
Loss on disposal of subsidiary	10	**2,950**	–	**–**	–
Dividends received		**–**	–	**(4,679)**	(9,373)
Equity settled share-based payment expenses		**55**	303	**(32)**	190
Profit from associate		**–**	(140)	**–**	–
Impairment of associate		**659**	2,236	**500**	2,236
Taxation		**585**	2,407	**136**	(20)
Operating (loss)/profit before changes in working capital and provisions		**(48)**	11,077	**(2,929)**	(740)
Change in trade and other receivables		**8,078**	3,926	**(356)**	1,211
Change in stocks		**2,746**	1,357	**–**	–
Change in trade and other payables		**(5,847)**	(4,893)	**373**	(1,669)
Change in provisions		**976**	(1,771)	**508**	(466)
Cash generated from/used in the operations		**5,905**	9,696	**(2,404)**	(1,664)
Tax paid		**(2,270)**	(1,454)	**–**	(3)
Net cash from operating activities		**3,635**	8,242	**(2,404)**	(1,667)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**41**	74	**–**	–
Interest received		**103**	153	**51**	301
Acquisition of subsidiary and associates, net of cash acquired		**–**	(4)	**–**	(4,097)
Disposal of discontinued operation, net of cash disposed of	10	**(104)**	–	**(573)**	–
Acquisition of property, plant and equipment	11, 12	**(730)**	(1,113)	**(29)**	(100)
Dividends received		**–**	81	**4,679**	9,373
Net cash from investing activities		**(690)**	(809)	**4,128**	5,477

Cash Flow Statements continued

For year ended 31 March 2009

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Cash flows from financing activities					
Proceeds from the issue of share capital	25	**–**	133	**–**	133
Repayment of borrowings		**(2,732)**	(2,739)	**(1,506)**	(1,651)
Dividends paid	25	**(2,382)**	(2,196)	**(2,382)**	(2,196)
Interest paid		**(1,030)**	(1,462)	**(799)**	(911)
Net cash from financing activities		**(6,144)**	(6,264)	**(4,687)**	(4,625)
Net change in cash and cash equivalents		**(3,199)**	1,169	**(2,963)**	(815)
Cash and cash equivalents at 1 April		**8,247**	6,470	**1,254**	2,069
Effect of exchange rate fluctuations on cash held		**1,374**	608	**–**	–
Cash and cash equivalents at 31 March	20	**6,422**	8,247	**(1,709)**	1,254

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 93.

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. The loss after tax for the Company is £8.90 million (2008: profit £1.63 million).

Statement of Compliance

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). 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 IFRSs and amendments have been adopted for the first time.

- *IFRS 8 Operating Segments* has been adopted early in the Group's 2009 Financial Statements. This has affected the segmental disclosures given in note 3.
- *Amendment to IAS 39 and IFRS 7 Financial Instruments.* This has had no impact on the Consolidated Financial Statements.

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:

- *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.
- Amendment to *IFRS 2 Share based payments* 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.
- *IFRIC 13 Customer loyalty programmes* is applicable for the Group's 2010 Financial Statements. It is not expected to have a significant impact on the Consolidated Financial Statements.
- *IFRIC 16 Hedges of a net investment in a foreign operation* is applicable for the Group's 2010 Financial Statements. It is not expected to have a significant impact on the Consolidated Financial Statements.

b) Basis of preparation

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

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

1 **Accounting policies** continued

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

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

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

Although one of the covenants relating to EBITDA will be tested in the next quarter and compliance is dependent on the current trading outlook, management do not forecast a breach will occur in the next 12 months. As a result of the uncertain economic environment and the imminent renewal date in September 2009 of the current overdraft facility, the Company has started negotiations with its bankers to put the facilities onto a longer term basis with a new set of covenants with appropriate headroom against the forecasts.

The Board confirms that these discussions have been positive and are at an advanced stage. HSBC have proposed terms for a three year asset backed facility to replace the current overdraft. HSBC have also confirmed their intention to restructure the overall facility with covenants more appropriate to reflect the current levels of trading. The Directors are confident of concluding final agreement with the bank within a short period of time.

Detailed information regarding the Group's current facility levels, liquidity risk and maturity dates are provided in note 27.

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

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup 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.

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 depreciation rates are as follows:

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

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

iii) Leased assets

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

iv) Subsequent costs

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

1 **Accounting policies** continued

g) Intangible assets

i) Goodwill

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

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

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

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

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

ii) Other intangible assets

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

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

iii) Subsequent expenditure

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

iv) Amortisation

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

The amortisation rates 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).

1 **Accounting policies** continued

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, consumables and goods purchased for resale, a first-in first-out purchase price is used and includes expenditure incurred in acquiring the stocks and bringing them to their existing location and condition. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads based on normal operating capacity.

k) Cash and cash equivalents

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

l) Impairment

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

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

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

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

i) Calculation of recoverable amount

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

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.

1 Accounting policies continued

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.

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.

1 Accounting policies continued

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.

t) Taxation

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

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

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

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

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

u) Operating segment reporting

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

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

v) Financial guarantee contracts

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

w) Earnings per share

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

1 **Accounting policies** continued

x) Underlying measure of profit and losses

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

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

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

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

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

y) Separately disclosed items (see note 2)

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

2 **Underlying profit and separately disclosed items**

	Note	**2009 £000**	2008 £000
Underlying profit before tax		**2,541**	8,988
Separately disclosed items within administrative expenses:			
Goodwill impairments	13	**(8,303)**	–
Restructuring costs		**(3,701)**	–
Impairment of associate	15	**(659)**	(2,236)
Settlement claim		**(555)**	–
Intangible amortisation	13	**(266)**	(273)
IFRS 2 share-based payment charges		**(55)**	(303)
(Loss)/profit from continuing operations before tax		**(10,998)**	6,176

2009 restructuring costs comprise £1.75 million redundancy/compensation payments worldwide and £1.95 million in relation to site closures and downsizing within our UK and US operations. £0.66 million of the above redundancy payments relate to compensation for loss of office for Steve Auld and Stuart Lawson following their departure from the Board on 17 March and 31 January 2009 respectively.

The Associate Techfast has been impaired by £0.66 million (2008: £2.24 million) to a carrying value of £nil (2008: £0.50 million) in the Company (Group: £nil, 2008: £0.66 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.

The settlement claim of £0.56 million relates to a long-standing settlement claim going back to 2002 of the litigation by Zurich Insurance (as detailed in our placing and open offer document for the acquisition of Serco Ryan in September 2005).

3 Operating segmental analysis

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

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 operating segments

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

UK	
Mainland Europe/USA:	includes Norway, Sweden, Hungary, Southern Ireland, Holland, Turkey (discontinued), Poland, USA, Mexico and Costa Rica
Asia:	includes Malaysia, China, Singapore and Taiwan

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

March 2009	UK £000	Mainland Europe/USA £000	Asia £000	Central £000	Subtotal £000	Discontinued Turkish business £000	Total £000
Revenue*							
Revenue from external customers	**58,881**	**20,717**	**25,303**	**–**	**104,901**	**2,603**	**107,504**
Inter segment revenue	**2,749**	**369**	**3,900**	**–**	**7,018**	**94**	**7,112**
Total revenue	**61,630**	**21,086**	**29,203**	**–**	**111,919**	**2,697**	**114,616**
Segment result before separately disclosed items	**999**	**712**	**3,873**	**(2,246)**	**3,338**	**(777)**	**2,561**
Goodwill impairment	**–**	**–**	**(1,503)**	**(6,800)**	**(8,303)**	**(808)**	**(9,111)**
Impairment of associate	**–**	**–**	**–**	**(659)**	**(659)**	**–**	**(659)**
Intangible amortisation	**–**	**–**	**–**	**(266)**	**(266)**	**–**	**(266)**
Settlement claim	**–**	**–**	**(555)**	**–**	**(555)**	**–**	**(555)**
Restructuring costs	**(2,206)**	**(628)**	**(517)**	**(350)**	**(3,701)**	**–**	**(3,701)**
Loss on sale of discontinued operations	**–**	**–**	**–**	**–**	**–**	**(2,142)**	**(2,142)**
Equity settled share-based payments	**(79)**	**–**	**(8)**	**32**	**(55)**	**–**	**(55)**
Operating (loss)/profit before financing costs	**(1,286)**	**84**	**1,290**	**(10,289)**	**(10,201)**	**(3,727)**	**(13,928)**
Net financing costs					**(797)**	**–**	**(797)**
(Loss)/profit on ordinary activities before taxation					**(10,998)**	**(3,727)**	**(14,725)**
Taxation					**(520)**	**(65)**	**(585)**
(Loss)/profit for the year					**(11,518)**	**(3,792)**	**(15,310)**
Assets and liabilities							
Segment assets	**24,487**	**12,671**	**30,739**	**9,173**	**77,070**	**–**	**77,070**
Segment liabilities	**(11,743)**	**(2,720)**	**(6,561)**	**(13,576)**	**(34,600)**	**–**	**(34,600)**
Segment net assets/(liabilities)	**12,744**	**9,951**	**24,178**	**(4,403)**	**42,470**	**–**	**42,470**

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

Notes forming part of the Financial Statements
continued

3 Operating segmental analysis continued

March 2008	UK £000	Mainland Europe/USA £000	Asia £000	Central £000	Subtotal £000	Discontinued Turkish business £000	Total £000
Revenue*							
Revenue from external customers	71,654	22,544	26,199	–	120,397	1,967	122,364
Inter segment revenue	3,212	1,149	3,312	–	7,673	101	7,774
Total revenue	74,866	23,693	29,511	–	128,070	2,068	130,138
Segment result before separately disclosed items	4,468	1,745	6,504	(2,452)	10,265	(176)	10,089
Impairment of associate	–	–	–	(2,236)	(2,236)	–	(2,236)
Intangible amortisation	–	–	–	(273)	(273)	–	(273)
Equity settled share-based payments	(68)	–	(45)	(190)	(303)	–	(303)
	4,400	1,745	6,459	(5,151)	7,453	(176)	7,277
Operating profit/(loss) before financing costs							
Net financing costs					(1,277)	–	(1,277)
Profit on ordinary activities before taxation					6,176	(176)	6,000
Taxation					(2,442)	35	(2,407)
Profit for the year					3,734	(141)	3,593
Assets and liabilities							
Segment sets as	28,897	14,465	27,638	20,220	91,220	1,464	92,684
Segment iabilitiesl	(14,271)	(2,665)	(7,661)	(13,813)	(38,410)	(1,309)	(39,719)
Segment setsnet as	14,626	11,800	19,977	6,407	52,810	155	52,965

There was no material difference in the UK, Europe Mainland and USA regions between the external revenue based on location of the entities and the location of the customers.

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

* *Of the 2008 Asian external revenue £4.5 million was sold into the American market and £5.6 million sold into the European market.*

3 Operating segmental analysis continued

2009	UK £000	Mainland Europe/USA £000	Asia £000	Central £000	Subtotal £000	Discontinued Turkish business £000	Total £000
Cash flows							
Operating activities							
Segment cash flow	**3,355**	**347**	**3,019**	**(2,660)**	**4,061**	**(426)**	**3,635**
Investing activities							
Segment cash flow	**(324)**	**12**	**(259)**	**(402)**	**(973)**	**283**	**(690)**
Financing activities							
Segment cash flow	**(93)**	**(22)**	**(73)**	**(5,954)**	**(6,142)**	**(2)**	**(6,144)**
Capital expenditure							
Segment cash flow	**(345)**	**(39)**	**(300)**	**(29)**	**(713)**	**(17)**	**(730)**
2008							
Cash flows							
Operating activities							
Segment cash flow	5,184	(791)	3,263	842	8,498	(256)	8,242
Investing activities							
Segment cash flow	(327)	(199)	(480)	47	(959)	150	(809)
Financing activities							
Segment cash flow	(256)	45	(12)	(5,962)	(6,185)	(79)	(6,264)
Capital expenditure							
Segment cash flow	(348)	(76)	(549)	(100)	(1,073)	(40)	(1,113)

4 Other operating income

	2009 £000	2008 £000
Net gain on disposal of property, plant and equipment	**–**	24
Other	**156**	266
	156	290

5 Expenses and Auditors' remuneration

Included in (loss)/profit for the year are the following:

	Note	2009 £000	2008 £000
Depreciation	11	**1,211**	1,152
Impairment/amortisation of acquired intangibles	13	**9,377**	273
Forex (gains)/loss		**(546)**	170

Auditors' remuneration:	2009 £000	2008 £000
Audit of these financial statements	**34**	42
Audit of financial statements of subsidiaries pursuant to legislation	**155**	193
Other services relating to taxation	**120**	75
All other services	**33**	27

6 Staff numbers and costs

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

	Number of employees Group		Number of employees Company	
	2009	2008	**2009**	2008
Office and management	**50**	65	**13**	15
Manufacturing	**281**	310	**–**	–
Sales	**121**	122	**–**	–
Distribution	**587**	612	**–**	–
	1,039	1,109	**13**	15

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2009 £000	2008 £000	**2009 £000**	2008 £000
Wages and salaries (including bonus)	**18,721**	19,207	**1,250**	1,135
Share-based payments	**55**	303	**(32)**	190
Social security costs	**1,781**	1,815	**142**	132
Other pension costs	**1,325**	1,206	**154**	152
	21,882	22,531	**1,514**	1,609

7 Directors' emoluments

	2009 £000	2008 £000
Directors' emoluments	**862**	988
Company contributions to money purchase pension plans	**139**	133
Amounts paid to third parties in respect of Directors' services	**–**	152
Compensation for loss of office	**656**	–
	1,657	1,273

The emoluments of individual Directors are shown in the Remuneration Report on page 38.

The aggregate of emoluments including compensation for loss of office of the highest paid Director was £671,000 (2008: £358,000), and Company pension contributions of £59,000 (2008: £57,000) were made to a money purchase scheme on his behalf.

	Number of Directors 2009	2008
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**3**	3
The number of Directors who exercised share options was	**–**	1

See the Remuneration Report on pages 31 to 38 for more details.

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

8 Financial income and expense

	2009 £000	2008 £000
Interest income	**99**	156
Interest expense	**896**	1,433

9 Taxation

Recognised in the income statement

	Note	**2009 £000**	2008 £000
Current UK tax expense			
Current year		**755**	1,730
Double taxation relief		**(755)**	(745)
Adjustments for prior years		**–**	(168)
		–	817
Current tax on foreign income for the year		**1,079**	1,729
Adjustments for prior years		**(31)**	(39)
		1,048	1,690
Total current tax		**1,048**	2,507
Deferred tax expense (note 16)			
Origination and reversal of temporary differences		**(475)**	(52)
Adjustments for prior years		**(53)**	(13)
		(528)	(65)
Tax in income statement from continuing operations		**520**	2,442
Tax from discontinued operations	10	**65**	(35)
Total tax in income statement		**585**	2,407

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

	2009 £000	**ETR %**	2008 £000	ETR %
(Loss)/profit for the period	**(15,310)**		3,593	
Tax from continuing operations	**520**		2,442	
Tax from discontinued operations	**65**		(35)	
(Loss)/profit before tax	**(14,725)**		6,000	
Tax using the UK corporation tax rate of 28% (2008: 30%)	**(4,123)**	**28**	1,800	30
Goodwill impairment	**2,325**	**(16)**	–	–
Impairment of associate	**185**	**(1)**	671	11
Tax suffered on dividends	**579**	**(4)**	856	14
Non-deductible expenses	**294**	**(2)**	160	3
Effect of change in tax rate	**–**	**–**	(24)	–
IFRS 2 share option charge	**164**	**(1)**	(11)	–
Associate tax	**–**	**–**	(18)	–
Deferred tax assets not recognised	**616**	**(4)**	201	3
Losses from discontinued operations	**1,107**	**(8)**	–	–
Different tax rates on overseas earnings	**(478)**	**3**	(1,008)	(17)
Over provided in prior years	**(84)**	**1**	(220)	(4)
Total tax in income statement	**585**	**(4)**	2,407	40

10 Discontinued operation

In March 2009 the Group sold the Turkish business (TR Keba Ltd) back to Keba's original management team. The segment was not a discontinued operation or classified as held for sale as at 31 March 2008 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations.

	2009	2008
	£000	£000
Results of discontinued operation		
Revenue	**2,697**	2,068
Expenses	**(3,474)**	(2,244)
Results from operating activities	**(777)**	(176)
Income tax	**(65)**	35
Results from operating activities, net of income tax	**(842)**	(141)
Loss on sale of discontinued operation (including goodwill impairment)	**(2,950)**	–
Loss for the period	**(3,792)**	(141)
Basic loss per share	**(4.45p)**	(0.17p)
Diluted loss per share	**(4.45p)**	(0.17p)
Cash flows from/(used in) discontinued operation		
Net cash used in operating activities	**(426)**	(256)
Net cash from investing activities	**387**	150
Net cash used in financing activities	**(2)**	(79)
Net cash used in discontinued operation	**(41)**	(185)

Effect of disposal on the financial position of the Group	
Goodwill	**808**
Property, plant and equipment	**65**
Stock	**1,031**
Trade and other receivables	**939**
Cash and cash equivalents	**104**
Deferred tax liabilities	**(207)**
Trade and other payables	**210**
Net assets and liabilities	**2,950**
Consideration received, satisfied in cash	**–**
Cash disposed of	**(104)**
Net cash outflow	**(104)**

11 Property, plant and equipment — Group

	Land and buildings £000	Leasehold improve-ments £000	Plant and equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost						
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
Balance at 1 April 2008	5,679	663	9,205	5,155	264	20,966
Additions	29	26	500	156	19	730
Disposals	–	(78)	(843)	(1,453)	(93)	(2,467)
Discontinued operation	–	–	(22)	(71)	(10)	(103)
Effect of movements in foreign exchange	539	129	1,316	205	66	2,255
Balance at 31 March 2009	6,247	740	10,156	3,992	246	21,381
Depreciation and impairment						
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
Balance at 1 April 2008	1,235	348	6,527	4,092	194	12,396
Depreciation charge for the year	90	141	590	368	22	1,211
Disposals	–	(46)	(659)	(1,193)	(90)	(1,988)
Discontinued operation	–	–	(9)	(26)	(3)	(38)
Effect of movements in foreign exchange	116	78	816	140	44	1,194
Balance at 31 March 2009	1,441	521	7,265	3,381	167	12,775
Net book value						
At 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
At 31 March 2009	**4,806**	**219**	**2,891**	**611**	**79**	**8,606**

Included in the net book value of land and buildings are £3.41 million (2008: £3.26 million) of freehold land and buildings, and £1.39 million (2008: £1.13 million) of long leasehold land and buildings.

£3.35 million (2008: £3.35 million) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

12 Property, plant and equipment — Company

	Land and buildings £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 April 2007	3,369	749	4,118
Additions	99	1	100
Balance at 31 March 2008	3,468	750	4,218
Balance at 1 April 2008	3,468	750	4,218
Additions	29	–	29
Balance at 31 March 2009	3,497	750	4,247
Depreciation and impairment			
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
Balance at 1 April 2008	777	666	1,443
Depreciation charge for the year	54	39	93
Balance at 31 March 2009	831	705	1,536
Net book value			
At 1 April 2007	2,636	140	2,776
At 31 March 2008	2,691	84	2,775
At 31 March 2009	**2,666**	**45**	**2,711**

Included in the net book value of land and buildings are £2.67 million (2008: £2.64 million) of freehold land and buildings.

£3.35 million (2008: £3.35 million) of land and buildings have been recognised at a deemed cost that is equal to their fair value at transition date as allowable under IFRS/transition rules.

13 Intangible assets — Group

	Goodwill £000	Other £000	Total £000
Cost			
Balance at 1 April 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
Balance at 1 April 2008	27,001	2,152	29,153
Effect of movements in foreign exchange	2,586	–	2,586
Balance at 31 March 2009	29,587	2,152	31,739
Amortisation and impairment			
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
Balance at 1 April 2008	4,636	689	5,325
Amortisation for the year	–	266	266
Impairment losses on continuing operations	8,303	–	8,303
Impairment loss on discontinued operations	808	–	808
Effect of movements in foreign exchange	657	–	657
Balance at 31 March 2009	14,404	955	15,359
Net book value			
At 1 April 2007	21,580	1,736	23,316
At 31 March 2008	22,365	1,463	23,828
At 31 March 2009	**15,183**	**1,197**	**16,380**

£1.20 million (2008: £1.46 million) of other intangible assets is made up of customer relationships acquired as part of the acquisition of Serco Ryan Ltd. The remaining amortisation period of this asset is 4.5 years.

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

	2009 £000	2008 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**8,688**	8,262
TR Fastenings AB (Sweden)	**1,063**	1,663
Lancaster Fastener Company Ltd	**1,245**	1,245
Serco Ryan Ltd (within TR Fastenings Ltd)	**4,083**	10,283
Other	**104**	912
	15,183	22,365

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

13 Intangible assets — Group continued

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. In this method, the cash flow available for distribution after funding internal needs (increased working capital and capital expenditure) of the subject company are forecasted for a finite period of five years based on actual operating results, budgets and economic market research. Beyond the finite period, a terminal (residual) value is developed by capitalising an assumed stabilised cash flow figure.

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 table below highlights the key assumptions:

	Taiwan	UK	Sweden
Pre-tax discount rate	16%	16%	16%
Growth rate	4%	3%	2%

The above estimates are particularly sensitive in the following areas:

- A change in the growth rate used.
- A change in the discount rate used.
- A change in future planned revenues.
- A change in working capital requirements.

The results of the goodwill review determined that the following cash-generating units ("CGUs") should be impaired:

Serco Ryan (within TR Fastenings)	£6.20 million impairment
TR Fastenings AB	£0.60 million impairment
Special Fasteners Engineering Co. Ltd (Taiwan)	£1.50 million impairment

The £1.50 million goodwill impairment in SFE was offset in the balance sheet by a £1.93 million foreign exchange gain.

Going forward, SFE is to become more integrated and dependent within the Asia Group and therefore for the purposes of reviewing goodwill impairment it is expected that the combined Asia operations will be treated as one CGU in the future.

The change in goodwill under "other" is a full impairment of £0.81 million on TR Keba resulting from the sale of TR Keba back to its existing management team (see note 10).

14 Intangible assets — Company

	Other £000
Cost	
Balance at 1 April 2007	62
Balance at 31 March 2008	62
Balance at 31 March 2009	**62**
Amortisation and impairment	
Balance at 1 April 2007	46
Amortisation for the year	12
Balance at 31 March 2008	58
Balance at 1 April 2008	58
Amortisation for the year	4
Balance at 31 March 2009	**62**
Net book value	
At 1 April 2007	16
At 31 March 2008	4
At 31 March 2009	**–**

15 Equity investments

Company — investments in subsidiaries

	£000
Cost	
Balance at 1 April 2007	32,898
Additions	4,097
Balance at 31 March 2008	36,995
Balance at 1 April 2008	36,995
Additions	2,129
Disposals	(3,165)
Balance at 31 March 2009	35,959
Provision	
Balance at 1 April 2007	3,978
Increase in provision	3,907
Balance at 31 March 2008	7,885
Balance at 1 April 2008	7,885
Increase in provision	6,200
Balance at 31 March 2009	14,085
Net book value	
At 1 April 2007	28,920
At 31 March 2008	29,110
At 31 March 2009	**21,874**

Cost

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

Provision

The Provision has increased during the year by £6.20 million due to the impairment of Serco Ryan (within TR Fastenings) following our investment reviews under IAS 36 (see note 13).

15 Equity investments continued

Company — Investment in associate

The Group has a 25% investment in Techfast Holdings Bhd, a company listed on the Kuala Lumpur Stock Exchange. The investment of £2.74 million has been impaired by £0.50 million (2008: £2.24 million) to a carrying value of £nil (2008: £0.50 million) in the company (Group: impaired by £0.66 million to a carrying value of £nil, 2008: £0.66 million). This reflects 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 and the company's continued poor performance.

The Group's share of post-acquisition total recognised profit in the above associate for the year ended 31 March 2009 was £nil (2008: £0.14 million).

Summary aggregated financial information for Techfast as at 31 December 2008 (Techfast's year end reporting date) is not adjusted for the percentage ownership held:

	2008 £000	2007 £000
Assets		
— non-current	**4,583**	4,597
— current	**4,658**	4,745
Liabilities		
— non-current	**(1,568)**	(1,816)
— current	**(1,222)**	(1,432)
Revenues	**5,546**	5,183
Expenses	**(6,631)**	(4,402)
(Loss)/profit	**(1,085)**	781

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included on page 92.

16 Deferred tax assets and liabilities — Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009	2008	**2009**	2008	**2009**	2008
	£000	£000	**£000**	£000	**£000**	£000
Property, plant and equipment	**(458)**	(295)	**555**	509	**97**	214
Intangible assets	**–**	–	**336**	409	**336**	409
Stocks	**(244)**	(239)	**–**	–	**(244)**	(239)
Provisions/IFRS 2	**(186)**	(350)	**97**	100	**(89)**	(250)
Tax value of loss c/fwd	**(459)**	(58)	**–**	–	**(459)**	(58)
Tax (assets)/liabilities	**(1,347)**	(942)	**988**	1,018	**(359)**	76
Tax set-off	**640**	559	**(640)**	(559)	**–**	–
Net tax (assets)/liabilities	**(707)**	(383)	**348**	459	**(359)**	76

A potential £0.16 million (2008: £0.20 million) deferred tax asset relating to tax losses at TR Fastenings Inc. was not recognised on the grounds that recovery is uncertain. In addition, a potential £0.46 million (2008: £nil) deferred tax asset relating to the company's losses was not recognised on the grounds that recovery of these losses is uncertain.

Movement in deferred tax during the year

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

16 Deferred tax assets and liabilities — Group continued

Movement in deferred tax during the prior 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)	–	1	(23)
Continuing operations	159	(65)	17	111
Discontinued operations	–	(35)	–	(35)
	159	(100)	17	76

17 Deferred tax assets and liabilities — Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2009 £000	2008 £000	**2009 £000**	2008 £000	**2009 £000**	2008 £000
Property, plant and equipment	**–**	–	**352**	334	**352**	334
Provisions/IFRS 2	**(46)**	(165)	**–**	–	**(46)**	(165)
Tax (assets)/liabilities	**(46)**	(165)	**352**	334	**306**	169
Tax set-off	**46**	165	**(46)**	(165)	**–**	–
Net tax (assets)/liabilities	**–**	–	**306**	169	**306**	169

Movement in deferred tax during the year

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

17 Deferred tax assets and liabilities — Company continued

Movement in deferred tax during the prior 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

18 Stocks

	Group	
	2009 £000	2008 £000
Raw materials and consumables	**2,109**	1,223
Work in progress	**376**	612
Finished goods and goods for resale	**21,467**	23,428
	23,952	25,263

19 Trade and other receivables

	Group		Company	
	2009 £000	2008 £000	**2009 £000**	2008 £000
Trade receivables	**17,066**	23,994	**–**	–
Non-trade receivables and prepayments	**1,296**	1,369	**13**	–
Amounts owed by subsidiary undertakings	**–**	–	**1,664**	2,877
	18,362	25,363	**1,677**	2,877

20 Cash and cash equivalents/bank overdrafts

	Group		Company	
	2009 £000	2008 £000	**2009 £000**	2008 £000
Cash and cash equivalents per balance sheet	**9,063**	8,618	**4,019**	5,254
Bank overdrafts per balance sheet	**(2,641)**	(371)	**(5,728)**	(4,000)
Cash and cash equivalents per cash flow statements	**6,422**	8,247	**(1,709)**	1,254

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

21 Other interest-bearing loans and borrowings

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

			Current		Non-Current	
			2009	2008	**2009**	2008
Initial Loan Value	**Rate**	**Maturity**	**£000**	£000	**£000**	£000
Company						
Acquisition $3.45m	LIBOR +0.95%	2008	**–**	87	**–**	–
Acquisition £1.95m	LIBOR +0.90%	2008	**–**	98	**–**	–
Acquisition SEK30m	LIBOR +0.95%	2009	**64**	254	**–**	64
Acquisition £15.0m	LIBOR +0.91%	2012	**1,071**	1,071	**10,446**	11,518
			1,135	1,510	**10,446**	11,582
Other Group						
Acquisition $21.78m	LIBOR +0.80%	2011	**1,412**	1,018	**1,825**	2,283
Funding $0.25m	SIBOR +2%	2008	**–**	62	**–**	–
Total Group			**2,547**	2,590	**12,271**	13,865

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 main trading companies of the Group.

22 Trade and other payables

	Group		Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Trade payables	**9,925**	14,244	**128**	–
Amounts payable to subsidiary undertakings	**–**	–	**633**	625
Non-trade payables and accrued expenses	**4,148**	4,415	**338**	172
Interest payable	**74**	208	**74**	195
Other taxes and social security	**691**	1,268	**2**	57
	14,838	20,135	**1,175**	1,049

23 Employee Benefits

Pension plans

Defined contribution plans

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

The total expense relating to these plans in the current year was £1.33 million (2008: £1.21 million) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pensions contributions of £0.09 million (2008: £0.10 million), 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 are as follows:

	2009		2008	
	Options	**Weighted Average Exercise Price £**	Options	Weighted Average Exercise Price £
Outstanding at beginning of year	**3,457,168**	**0.99**	3,708,827	0.95
Granted during the year	**648,123**	**0.45**	268,603	0.75
Forfeited/lapsed during the year	**(2,523,073)**	**0.96**	(262,870)	0.58
Exercised during the year	**–**	**–**	(257,392)	0.52
Outstanding at the end of the year	**1,582,218**	**0.83**	3,457,168	0.99
Exercisable at the end of the year	**887,374**	**1.08**	2,496,353	1.14

The weighted average share price at the date of exercise for share options exercised during the year was £0.75 (2008: £0.75). The options outstanding at 31 March 2009 had a weighted average remaining contractual life of 2.40 years (2008: 3.41 years) and exercise prices ranging from £0.45 to £2.69 (2008: £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 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.

23 Employee Benefits continued

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

Date of Grant	Type of Instrument	Valuation Model	No. outstanding on 31 March 2009	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	175,000	0.640	0.650	48.21	3.00	3.00	3.50	2.50	0.20
27/09/2004	Share Options	Binomial	380,000	0.760	0.730	37.45	3.00	3.00	4.72	2.50	0.22
01/10/2003	SAYE 7 year	Binomial	1,126	0.760	0.600	50.45	7.00	7.00	4.43	2.50	0.40
01/10/2004	SAYE 5 year	Binomial	11,803	0.760	0.700	35.15	5.00	5.00	4.79	2.50	0.28
01/10/2004	SAYE 7 year	Binomial	9,702	0.760	0.700	37.15	7.00	7.00	4.84	2.50	0.31
01/10/2005	SAYE 5 year	Binomial	14,634	0.710	0.710	28.81	5.00	5.00	4.29	2.50	0.18
01/10/2005	SAYE 7 year	Binomial	2,042	0.710	0.710	28.81	7.00	7.00	4.33	2.50	0.21
15/03/2005	Share Options	Binomial	9,702	0.830	0.830	29.24	3.00	3.00	4.85	2.50	0.13
21/09/2005	LTIP	Monte Carlo	220,000	0.710	0.000	20.58	3.00	3.00	4.19	3.00	0.45
31/07/2006	LTIP	Monte Carlo	300,000	0.540	0.000	34.24	3.00	3.00	4.80	3.54	0.33
01/10/2006	SAYE 3 year	Binomial	117,062	0.600	0.500	39.85	3.00	3.00	4.82	3.00	0.20
01/10/2006	SAYE 5 year	Binomial	121,072	0.600	0.500	39.85	5.00	5.00	4.70	3.00	0.22
01/10/2006	SAYE 7 year	Binomial	2,736	0.600	0.500	39.85	7.00	7.00	4.66	3.00	0.30
30/11/2006	LTIP	Monte Carlo	173,430	0.710	0.000	39.72	3.00	3.00	4.80	3.00	0.43
31/07/2007	LTIP	Monte Carlo	445,657	0.830	0.000	28.87	3.00	3.00	5.56	3.39	0.50
1/10/2007	SAYE 3 year	Binomial	32,256	0.740	0.740	29.26	3.00	3.00	4.94	3.39	0.14
1/10/2007	SAYE 5 year	Binomial	24,886	0.740	0.740	29.26	5.00	5.00	5.00	3.39	0.17
1/10/2007	SAYE 7 year	Binomial	6,091	0.740	0.740	29.26	7.00	7.00	5.06	3.39	0.20
31/07/2008	LTIP	Monte Carlo	831,137	0.520	0.00	32.30	3.00	3.00	4.77	5.44	0.22
01/10/2008	SAYE 3 year	Binomial	102,341	0.370	0.450	34.02	3.00	3.00	4.02	7.67	0.04
01/10/2008	SAYE 5 Year	Binomial	223,502	0.370	0.450	34.02	5.00	5.00	4.17	7.67	0.04
01/10/2008	SAYE 7 Year	Binomial	25,591	0.370	0.450	34.02	7.00	7.00	4.31	7.67	0.04

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 costs of £0.06 million and £0.30 million in relation to equity settled share-based payment transactions in 2009 and 2008 respectively.

23 Employee Benefits continued

As at 31 March 2009 outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
17/12/99 / Executive	112,000	Dec 2002 – Dec 2009
24/07/00 / Executive	64,800	July 2003 – July 2010
07/08/01 / Executive	70,000	Aug 2004 – Aug 2011
31/07/02 / Executive	45,000	July 2005 – July 2012
01/10/02 / SAYE	33,074	Oct 2009
02/07/03 / Executive	175,500	July 2006 – July 2013
01/10/03 / SAYE	1,126	Oct 2010
27/09/04 / Executive	380,000	Sept 2007 – Sept 2014
21/10/04 / SAYE	21,505	Oct 2009, 2011
15/03/05 / Executive	7,000	Mar 2008 – Mar 2015
01/10/05 / SAYE	16,676	Oct 2010, 2012
01/10/06 / SAYE	240,870	Oct 2009, 2011, 2013
01/10/07 / SAYE	63,233	Oct 2010, 2012, 2014
01/10/08 / SAYE	351,434	Oct 2011, 2013, 2015
	1,582,218	

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

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

24 Provisions

Group	Restructuring costs £000	Dilapi-dations £000	Other £000	Total £000
Balance at 1 April 2008	202	760	9	971
Provisions made during the year	1,151	70	–	1,221
Provisions utilised during the year	(201)	(35)	(9)	(245)
Balance at 31 March 2009	**1,152**	**795**	**–**	**1,947**

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

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

24 Provisions continued

Group	Restructuring costs £000	Dilapid-ations £000	2009 Total £000	2008 Total £000
Non-current (greater than 1 year)	201	580	**781**	901
Current (less than 1 year)	951	215	**1,166**	70
Balance at 31 March 2009	**1,152**	**795**	**1,947**	**971**

In respect to the Company within restructuring costs, is £517,000 of current provisions for compensation for loss of office for the Directors Steve Auld and Stuart Lawson (2008: £9,000 of other provisions).

25 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 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
Balance at 1 April 2008	4,248	12,167	1,816	34,734	52,965
Total recognised income and expense	–	–	7,142	(15,310)	(8,168)
Equity settled share-based payment transactions	14	–	–	41	55
Dividends	–	–	–	(2,382)	(2,382)
Balance at 31 March 2009	**4,262**	**12,167**	**8,958**	**17,083**	**42,470**

The cost of issuing new shares under the LTIP was £14,000, which has been offset against the IFRS 2 equity reserve within retained earnings.

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.

25 Capital and reserves continued

Reconciliation of movement in capital and reserves — Company

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
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
Balance at 1 April 2008	4,248	12,167	2,393	3,393	22,201
Total recognised income and expense	–	–	–	(8,900)	(8,900)
Utilisation of merger reserve	–	–	(872)	872	–
Equity settled share-based payment transactions	14	–	–	41	55
Dividends	–	–	–	(2,382)	(2,382)
Balance at 31 March 2009	**4,262**	**12,167**	**1,521**	**(6,976)**	**10,974**

The cost of issuing new shares under the LTIP was £14,000 and has been offset against the IFRS 2 equity reserve within retained earnings.

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

The utilisation of the merger reserve in the year has arisen due to the impairment of related goodwill balances.

Share capital

	Ordinary shares 2009	Ordinary shares 2008
On issue at 1 April	**84,965,427**	84,708,035
Shares issued	**280,659**	257,392
On issue at 31 March — fully paid	**85,246,086**	84,965,427

	2009 £000	2008 £000
Authorised		
Ordinary shares of 5p each	**10,000**	5,000
Allotted, called up and fully paid		
Ordinary shares of 5p each	**4,262**	4,248

During the year 280,659 ordinary shares of 5p were issued as a result of performance criteria being met for Jim Barker and Steven Tan in previous years as per the LTIP scheme. The LTIP cost of this issue was offset against the IFRS 2 equity reserve within retained earnings.

25 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:

	2009 **£000**	2008 £000
Final paid 2008 — 1.87p (2008: 1.66p) per qualifying ordinary share	**1,589**	1,406
Interim paid 2009 — 0.93p (2008: 0.93p) per qualifying ordinary share	**793**	790
	2,382	2,196

After the balance sheet date no final dividend per qualifying ordinary share was proposed by the Directors (2008: 1.87p).

	2009 **£000**	2008 £000
Final proposed 2009 — 0.00p (2008: 1.87p) per qualifying ordinary share	**–**	1,589

26 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2009 was based on the loss attributable to ordinary Shareholders of £15.31 million (2008: profit of £3.59 million) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2009 of 85,136,525 (2008: 84,819,205), calculated as follows:

Weighted average number of ordinary shares

	2009	2008
Issued ordinary shares at 1 April	**84,965,427**	84,708,035
Effect of shares issued	**171,098**	111,170
Weighted average number of ordinary shares at 31 March	**85,136,525**	84,819,205

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2009 was based on loss attributable to ordinary Shareholders of £15.31 million (2008: profit of £3.59 million) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2009 of 85,136,525 (2008: 85,053,209), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2009	2008
Weighted average number of ordinary shares at 31 March	**85,136,525**	84,819,205
Effect of share options on issue	**–**	234,004
Weighted average number of ordinary shares (diluted) at 31 March	**85,136,525**	85,053,209

26 Earnings per share continued

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

EPS (Total)		**2009**			2008	
		EPS			EPS	
	Earnings £000	**Basic**	**Diluted**	Earnings £000	Basic	Diluted
(Loss)/profit for the financial year	**(15,310)**	**(17.98p)**	**(17.98p)**	3,593	4.23p	4.22p
Separately disclosed items:						
Goodwill & intangible impairment	**8,569**	**10.07p**	**10.07p**	273	0.31p	0.31p
Associate impairment	**659**	**0.77p**	**0.77p**	2,236	2.64p	2.63p
Restructuring costs	**3,701**	**4.35p**	**4.35p**	–	–	–
Settlement claim	**555**	**0.65p**	**0.65p**	–	–	–
IFRS Share option	**55**	**0.06p**	**0.06p**	303	0.36p	0.36p
Tax charge on adjusted items	**(1,036)**	**(1.22p)**	**(1.22p)**	–	–	–
Adjusted	**(2,807)**	**(3.30p)**	**(3.30p)**	6,405	7.54p	7.52p

EPS (Continuing operations)		**2009**			2008	
		EPS			EPS	
	Earnings £000	**Basic**	**Diluted**	Earnings £000	Basic	Diluted
(Loss)/profit for the financial year	**(11,518)**	**(13.53p)**	**(13.53p)**	3,734	4.40p	4.39p
Separately disclosed items:						
Goodwill & intangible impairment	**8,569**	**10.07p**	**10.07p**	273	0.31p	0.31p
Associate impairment	**659**	**0.77p**	**0.77p**	2,236	2.64p	2.63p
Restructuring costs	**3,701**	**4.35p**	**4.35p**	–	–	–
Settlement claim	**555**	**0.65p**	**0.65p**	–	–	–
IFRS Share option	**55**	**0.06p**	**0.06p**	303	0.36p	0.36p
Tax charge on adjusted items	**(1,036)**	**(1.22p)**	**(1.22p)**	–	–	–
Adjusted	**985**	**1.15p**	**1.15p**	6,546	7.71p	7.69p

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

27 Financial instruments

(a) Fair values of financial instruments

The fair values of all the Group's financial instruments shown in the balance sheet are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Financial Assets:				
Cash and cash equivalents	**9,063**	8,618	**4,019**	5,254
Trade and other receivables	**18,362**	25,363	**1,677**	2,877
	27,425	33,981	**5,696**	8,131
Financial Liabilities:				
Trade and other payables	**(14,145)**	(18,867)	**(1,173)**	(992)
Interest-bearing loans:				
Bank overdrafts	**(2,641)**	(371)	**(5,728)**	(4,000)
Floating rate borrowings	**(14,818)**	(16,455)	**(11,581)**	(13,092)
	(31,604)	(35,693)	**(18,482)**	(18,084)

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. Information has been disclosed relating to the individual company only where a material risk exists.

27 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 and customers are put on credit hold if payments are not received on time.

The carrying amount of trade receivables represents the maximum credit exposure for the Group. Therefore, the maximum exposure to credit risk at the balance sheet date was £17.1 million (2008: £24.0 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 (2008: £nil).

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

The amount of trade receivables which are beyond 90 days from their due date is £0.65 million. This represents 3% of the total gross receivable balance and has been fully impaired.

(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 £6.00 million (2008: £6.00 million) which is reviewed annually. At year end £5.9 million (2008: £2.0 million) was unutilised.

Going forward, the Company has started negotiations with its bankers to put its facilities onto a longer term basis.

HSBC have proposed terms for a three year asset back facility to replace the current overdraft. HSBC have also confirmed their intention to restructure the overall facility.

In the current lending market these facilities will attract higher cost. However, the Directors believe that the added security of term and flexibility offered by the facilities justify such cost and expect to conclude on a final agreement with the bank within a short period of time.

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.

27 Financial instruments continued

	2009						2008					
	Effective interest rate %	**Total £000**	**0 to 1 year £000**	**1 to 2 years £000**	**2 to 5 years £000**	**5 years and over £000**	Effective interest rate %	Total £000	0 to 1 year £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Company												
Cash and cash equivalents	**0.36**	**4,019**	**4,019**	**–**	**–**	**–**	5.36	5,254	5,254	–	–	–
Secured bank loans	**2.60**	**(11,581)**	**(1,135)**	**(8,571)**	**(1,875)**	**–**	6.16	(13,092)	(1,510)	(1,135)	(10,447)	–
Bank overdrafts	**1.56**	**(5,728)**	**(5,728)**	**–**	**–**	**–**	6.56	(4,000)	(4,000)	–	–	–
Total Company		**(13,290)**	**(2,844)**	**(8,571)**	**(1,875)**	**–**		(11,838)	(256)	(1,135)	(10,447)	–
Group												
Cash and cash equivalents	**0.36**	**9,063**	**9,063**	**–**	**–**	**–**	5.36	8,618	8,618	–	–	–
Secured bank loans	**2.33**	**(14,818)**	**(2,547)**	**(10,396)**	**(1,875)**	**–**	6.05	(16,455)	(2,590)	(2,154)	(11,465)	(246)
Bank overdrafts	**1.56**	**(2,641)**	**(2,641)**	**–**	**–**	**–**	6.56	(371)	(371)	–	–	–
Total Group		**(8,396)**	**3,875**	**(10,396)**	**(1,875)**	**–**		(8,208)	5,657	(2,154)	(11,465)	(246)

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 main trading companies.

Sensitivity analysis

A change of 1% point in interest rates at the balance sheet date would change equity and profit and loss by £0.15 million (2008: £0.11 million). This calculation has been applied to risk exposures existing at the balance sheet date.

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

(iii) Foreign currency risk

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

Operational foreign exchange exposure

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

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

27 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 were used to reduce the exposure to foreign exchange risk.

	Amount Recognised in Equity	
	2009	2008
Borrowings in Local Currency	**£000**	£000
SEK750,000	**(7)**	55

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

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

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

31 March 2008	Sterling £000	Euro £000	US dollar £000	Other £000	Total £000
Cash and cash equivalents	116	2,213	2,073	7	4,409
Secured bank loans	–	–	(3,389)	(318)	(3,707)
Balance sheet exposure	116	2,213	(1,316)	(311)	702

27 Financial instruments continued

Sensitivity analysis

Group

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

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

	Equity & Profit or Loss	
	2009	2008
	£000	£000
US dollar to sterling	**3**	13
Euro to sterling	**(17)**	(22)

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

(c) Capital management

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

28 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Less than one year	**2,326**	2,372	**13**	7
Between two and five years	**4,788**	5,078	**52**	–
More than five years	**1,408**	1,661	**–**	–
	8,522	9,111	**65**	7

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

£nil (2008: £0.14 million) of the leased properties have been sublet by the Group. The Group has recognised a provision of £0.23 million (2008: £0.20 million) in respect of onerous leases which is included within the restructuring provision. See note 24.

Group

During the year £2.86 million (2008: £2.51 million) was recognised as an expense in the income statement in respect of operating leases.

Company

During the year £0.07 million (2008: £0.02 million) was recognised as an expense in the income statement in respect of operating leases.

29 Contingencies

Group and Company

(i) The Company has cross guarantees on overdrafts with five subsidiaries. The amount outstanding at the end of the year was £11,708,191 (2008: £12,883,687).

(ii) In accordance with the provisions of Section 17 of the Republic of Ireland Companies (Amendment) Act 1986, Trifast plc has given irrevocable guarantees in respect of the financial year 1 April 2008 to 31 March 2009, in respect of the liabilities, as are referred to in Section 5c of that Act, for the subsidiary company, TR Southern Fasteners Limited.

30 Related parties (Group and Company)

Compensation of key management personnel of the Group

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

In addition to details of the compensation of key management personnel given in the Directors' Remuneration Report, the expense incurred in relation to share-based payments was £0.41 million (2008: £0.19 million).

Related Party Transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included on page 92.

Company Related Party Transactions — Income/Expenditure

	Income				Expenditure
	Rent £000	Management Fees £000	Loan Interest £000	Total £000	Management Fees £000
TR Fastenings Ltd	176	268	–	444	–
TR Southern Fasteners Ltd	–	39	–	39	–
TR Norge AS	–	37	–	37	–
TR Fastenings AB	–	43	–	43	–
TR Miller BV	–	33	15	48	–
Lancaster Fastener Co Ltd	–	43	–	43	
TR Hungary Kft	–	33	–	33	–
TR Asia Investments Pte Ltd	–	228	–	228	–
TR Fastenings Inc	–	66	–	66	–
Trifast Systems Ltd	–	39	–	39	30
	176	829	15	1,020	30

30 Related parties (Group and Company) continued

Company Related Party Transactions — Receivable/Payable

	Balances Receivable			Balances Payable
	Loans £000	Trade Receivables £000	Total £000	Trade Payables £000
TR Fastenings Ltd	–	50	50	8
TR Southern Fasteners Ltd	–	10	10	–
TR Norge AS	–	2	2	–
TR Fastenings AB	–	6	6	–
TR Miller BV	176	10	186	–
Lancaster Fastener Co Ltd	–	33	33	–
TR Hungary Kft	–	8	8	–
TR Asia Investments Pte Ltd	–	29	29	–
TR Fastenings Inc	–	69	69	–
Dormant Subsidiaries	–	–	–	267
Trifast Overseas Holdings Ltd	–	981	981	355
Trifast Holdings BV	–	200	200	–
Trifast Systems Ltd	–	3	3	4
	176	1,401	1,577	634

31 Subsequent events

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

32 Accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future 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 13)

The recoverable amount is the greater of net selling price and value in use, where value in use is determined by discounting the future cash flows generated from the continuing use of the unit.

- Value of intangible assets (note 13)

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 23)

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 24)

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

- Associate impairment (note 15)

The associate has been impaired reflecting Management's view on the recoverable amount against the continuing deterioration of the associate's share price and the company's continued poor performance.

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	NOK300,000	Distribution of fastenings	100%	–
TR Miller Holding B.V.	Holland	€45,378	Distribution of fastenings	100%	–
Lancaster Fastener Company Ltd	United Kingdom	£40,000	Distribution of fastenings	100%	–
TR Fastenings AB	Sweden	SEK1,500,000	Distribution of fastenings	100%	–
TR Hungary Kft	Hungary	HUF3,000,000	Distribution of fastenings	100%	–
TR Fastenings Poland Sp. Z o.o	Poland	PLN50,000	Distribution of fastenings	100%	100%
Asia					
TR Asia Investment Holdings Pte Ltd	Singapore	S$4	Holding company	100%	–
TR Formac Pte Ltd	Singapore	S$315,000	Manufacture and distribution of fastenings	100%	–
TR Formac (Malaysia) SDN Bhd	Malaysia	M$480,000	Manufacture and distribution of fastenings	100%	–
TR Formac (Shanghai) Pte Ltd	China	$200,000	Distribution of fastenings	100%	–
Special Fasteners Engineering Co Ltd	Taiwan	NT$100,000,000	Manufacture and distribution of fastenings	100%	–
TR Formac (Suzhou) Co. Ltd	China	$1,000,000	Manufacture and distribution of fastenings	100%	–
Techfast Holdings Bhd*	Malaysia	M$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 disposal of TR Keba Ltd (see note 10).

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Remuneration Committee

Jonathan Shearman (Chairman)
Neil Chapman

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Jim Barker
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