"HOLDING THE WORLD TOGETHER"

TRIFAST PLC

('*Trifast*', the 'Group' '*TR*' or 'Company')

Preliminary results for the year ended 31 March 2019

London: Tuesday, 11 June 2019 *Trifast* (LSE Premium listing: TRI), leading international specialists in the design, engineering, manufacturing and distribution of high quality industrial fastenings to major global assembly industries announces preliminary results for the year ended 31 March 2019:

"THE GROWTH STORY SET TO CONTINUE…."

KEY FINANCIALS

Continuing operations	Year ended 31 March 2019 at CER	Year ended 31 March 2019 at AER	Year ended 31 March 2018	Change CER†	Change AER^
Total Group revenue	**£209.1m**	**£209.0m**	£197.6m	5.8%	5.7%
Gross profit %	**30.0%**	**30.0%**	30.5%	-50bps	-50bps
Underlying operating profit*	**£24.2m**	**£24.2m**	£22.7m	6.7%	6.5%
Operating profit	**£17.1m**	**£17.1m**	£19.0m	-9.7%	-9.9%
Underlying profit before tax*	**£23.6m**	**£23.5m**	£22.2m	5.9%	5.8%
Profit before tax	**£16.5m**	**£16.4m**	£18.5m	-11.1%	-11.3%
Underlying diluted earnings per share*	**14.55p**	**14.53p**	13.78p	5.6%	5.4%
Diluted earnings per share	**9.92p**	**9.90p**	12.20p	-18.7%	-18.9%
Dividend:					
- final proposed		**3.05p**	2.75p		10.9%
- interim		**1.20p**	1.10p		9.1%
- total for the year		**4.25p**	3.85p		10.4%
Net debt		**£14.2m**	£7.4m		£6.8m
Return on capital employed (ROCE)*		**18.8%**	20.1%		-130bps

*Before separately disclosed items (see note 2)
†Constant exchange rate (CER)
^Actual exchange rate (AER)

- Total revenue increase of 5.8% at Constant Exchange Rate (CER), 5.7% at Actual Exchange Rate (AER)
- Global market share wins drive strong automotive sales growth of 6.4%
- Gross margins remain on target at 30.0% and underlying operating margins up to an historic high of 11.6%
- Underlying profit before tax increased 5.9% at CER, 5.8% at AER
- Total dividend of 4.25p, an increase of 10.4% on the prior year
- PTS, acquired in April 2018, integrating well with double-digit year-on-year revenue growth
- Expanded distribution facilities in USA support regional revenue growth of 38.3% at CER, 39.9% at AER
- Project Atlas, our Group-wide investment programme to build the *Trifast* of tomorrow, continues to progress well
- New £80m Group banking facilities provide *c.* £38m of headroom to support our organic and M&A investment driven growth strategy

FOLLOW THIS LINK TO LISTEN TO THE CEO, MARK BELTON SPEAKING TO BRR MEDIA:
https://www.brrmedia.co.uk/broadcasts-embed/5cfa7def221579216107cd36/copied-from-5be01ace5f2fb5225683c01a?popup=true

PRESENTATION OF RESULTS: There will be a presentation today at 8.45am (UK time). For further information, please contact Fiona Tooley on +44 (0) 7785 703523.

Letter to shareholders from the Chairman, Malcolm Diamond MBE.

"Our core skills continue to allow us to increase market share across a wide customer base and put us in a good position to keep moving forward. Our global business serves a broad and balanced range of sectors and geographies – c.70% of revenue derives from outside the UK."

At the risk of appearing predictably repetitive, I am happy to confirm that *Trifast* has again completed another successful year's trading. In addition, steady progress has been made with Project Atlas, now in its second year of global development, whilst remaining on schedule and on budget.

It is worth me gratefully acknowledging that, despite the vastly increasing workload undertaken by the Project Atlas *TR* Steering Committee and team leaders (>30 front line managers and staff) this year, the commercial dynamics of the Group has not only been sustained, it has delivered yet another year of organic revenue and underlying operating profit growth – aligned to forecast and investor expectations.

Incremental organic growth was bolstered in 2018 by the acquisition of PTS in the UK, a key player in the growing stainless-steel fastener distribution market on an international basis. This has not only enhanced the Group financially, but has enabled *TR* to consolidate a one-stop shop procurement and supply chain via the highly motivated and experienced PTS management team. This will yield a 1 + 1 = 3 cost benefit in addition to its consistent profitability.

We are, of course, only too aware that the UK automotive market media headlines have reduced City confidence in any UK based Tier 1 and 2 suppliers, and that *Trifast* enjoys nearly a third of Group revenue in this sector. However, our market positions in many international automotive markets are relatively small, which has enabled us to leverage our competitive advantage in both product offering and manufacturing flexibility to make significant market share gains despite the reduced headline vehicle volume production globally through the later part of 2018 and early 2019. With an increasing focus overseas, this has enabled us to deliver a very encouraging organic revenue growth of over 6% in the automotive sector this year.

As part of our automotive strategy, last year we opened a new Technical and Innovation Centre in Gothenburg, Sweden, where there is an electric vehicle (EV) design and development hub supported by several major EU car manufacturers. This year, this was replicated by the new UK Technical and Innovation Centre in Birmingham, UK. Two years ago we successfully opened a full service distribution hub in Barcelona, as Spain manufactures twice as many vehicles as the UK and represents a very attractive opportunity for *Trifast*.

Interestingly, our highest regional automotive growth of 65% was achieved by our dedicated *TR* team based in Houston, USA. This market was identified as a key strategic target two years ago, and now the initial investment and hard work is certainly paying off, as car makers consolidate the design of common components, used on common platform models and assembled in various geographies around the world.

It is noteworthy in relation to current market dynamics that *c*. 70% of *Trifast*'s revenue derives from outside of the UK.

It is a fact that with a widely diverse Group we seem to reveal a new emerging "jewel in the crown" with regard to performance on a regular basis, and in recent years our new star performer has been our *TR* branded product sales team selling mainly to distributors in the UK and Europe. They have developed from having appointed nine master distributors in seven countries in 2009 to 34 in 32 countries this year, with a resultant doubling of sales during the past five years, thus making a material contribution to Group revenue.

It is noteworthy that our sales success is today driven more by engineering and technical support than traditional sales representation, hence our recruitment in the past two years of experienced and qualified sales engineers, which now underpins our ability to provide onsite customer service in the USA, UK, Europe and Asia – and has proven to be a key element of securing greater automotive market share.

Finally, I need to thank my colleagues – all 1,300 of them working within 18 different countries, for their dedication, enthusiasm and commitment to our business and its strategy.

My appreciation also sincerely goes to my three other non-exec director colleagues who proactively support the Board's intentions to maintain the highest standards of corporate governance on behalf of our loyal long term shareholders.

Many companies claim that their business has a unique and winning culture, and *Trifast* is no exception. However, it's not just us making that claim, but outside observers and commentators who have regularly imparted their views on how rare and encouraging it is to see staff from diverse countries clearly cooperating and openly sharing information to deliver the results that are needed, whether it be service, quality, pricing, procurement or, of course, profitability.

10 June 2019

Business review by Chief Executive Officer Mark Belton and Clare Foster, Chief Financial Officer.

"The Group has continued to perform well across all our regions, delivering another year of strong growth"

"Trifast has delivered a solid performance and the Directors remain optimistic about the progress the business will make over the coming financial year. Our highly experienced teams are dedicated to researching, developing, marketing and selling innovative products that meet today's high expectations that all our customers demand in terms of quality, value and price. Despite the potential implications of Brexit and the continuing trade tensions between the US and China, the Board remains confident in its strategy, its people and the Group's flexibility to adapt to change."

Our Group performance

	FY2019 CER	FY2019 AER	FY2018	**Growth at CER**	Growth at AER
Revenue	**£209.1m**	£209.0m	£197.6m	**5.8%**	5.7%
Gross profit (GP)	**£62.7m**	£62.6m	£60.2m	**4.1%**	4.0%
GP%	**30.0%**	30.0%	30.5%	**–50bps**	–50bps
Underlying operating profit (UOP)	**£24.2m**	£24.2m	£22.7m	**6.7%**	6.5%
UOP%	**11.6%**	11.6%	11.5%	**+10bps**	+10bps
Operating profit	**£17.1m**	£17.1m	£19.0m	**–9.7%**	–9.9%
OP%	**8.2%**	8.2%	9.6%	**–140bps**	–140bps
Underlying EBITDA	**£26.5m**	£26.4m	£24.7m	**7.4%**	7.3%
Underlying EBITDA%	**12.7%**	12.7%	12.5%	**+20bps**	+20bps
Underlying profit before tax	**£23.6m**	£23.5m	£22.2m	**5.9%**	5.8%
Profit before tax	**£16.5m**	£16.4m	£18.5m	**–11.1%**	–11.3%
Underlying diluted EPS	**14.55p**	14.53p	13.78p	**5.6%**	5.4%
Diluted EPS	**9.92p**	9.90p	12.20p	**–18.7%**	–18.9%
Underlying ROCE		18.8%	20.1%		–130bps

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

The Group has continued to perform well across all our regions, delivering another year of strong growth. Revenues have increased by 5.8% at CER and are up 5.7% to £209.0m at Actual Exchange Rate ('AER') for FY2019. This reflects a solid organic performance of 2.2% (AER: 2.1%). In addition there has been a very successful first year in the Group for our latest acquisition, Precision Technology Supplies (PTS), who has contributed a further 3.6% of growth to the top-line.

As reported at the half-year, the largest source of organic growth continues to be from our multinational Tier 1's in the automotive sector, with strong global automotive sales growth of 6.4% recorded in the year. Excluding the impact of the widely publicised volume reductions in our most established automotive market in the UK, this growth rate would be higher still at 8.7%, as we continue to successfully win market share around the world via new platform builds, despite the reduction in global manufacturing volumes.

Gross margins have been maintained in line with our 30.0% target (FY2018: 30.5%) despite the impacts of anticipated purchase price inflation here in the UK and the upfront costs of our ongoing investments into manufacturing capacity in our European region. This has allowed our underlying operating margins to increase by 10bps to an historic high of 11.6% (FY2018: 11.5%), up 6.7% to £24.2m at CER, 6.5% to £24.2m at AER (FY2018: £22.7m).

All of the above has helped to drive strong AER growth in both our underlying PBT, up 5.8% to £23.5m (FY2018: £22.2m) and our underlying diluted EPS, up 5.4% to 14.53p (FY2018: 13.78p).

Dividend policy

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

As a result the Directors are proposing, subject to shareholder approval, a final dividend of 3.05p per share. This together with the interim dividend of 1.20p (paid on 11 April 2019), brings the total for the year to 4.25p per share, an increase of 10.4% on the prior year (FY2018: 3.85p). The final dividend will be paid on 11 October 2019 to shareholders on the register at the close of business on 13 September 2019. The ordinary shares will become ex-dividend on 12 September 2019.

The 2019 final proposed dividend means that over the last five years dividends have grown from 1.40p to 4.25p, equating to a compound annual growth rate ('CAGR') of 24.9%.

Over the same time, dividend cover has fallen, now representing a cover of 3.4x. For the medium term, we believe an appropriate level of cover will continue to be in the range of 3x to 4x. As is always the case, the actual dividend each year will need to take in to account our ongoing strategy of investment driven growth, any acquisitions and the working capital requirements of a growing business.

Revenue

We have seen total revenue growth across all our regions, ranging from 2.6% to 38.3%.

Our European operations have had a strong year, with revenues growing by 5.8% at CER (4.7% at AER). A key driver for this growth was the double-digit revenue increases across six of our eight entities including Holland (automotive), Hungary (electronics) and Germany (general industrial). As previously reported, reduced domestic appliances volumes, as the result of trading conditions in our Italian operations, have offset some of these increases. Whilst our Spanish greenfield site, continues to go from strength to strength, successfully securing its first £1m of annual sales in the year.

In Asia, we have seen solid year-on-year growth of 2.6% to £58.7m (AER: 3.6% to £59.2m; FY2018: 6.3% to £57.2m) with strong domestic appliances sector increases in Singapore being offset to some extent by the local factory closure of one of our multinational OEM electronics customers in China, as well as the knock-on effect of additional US tariffs to a small number of our multinational customers operating in the region.

Overall our UK business is showing very strong total revenue growth of 8.4% to £79.1m (FY2018: 5.4% to £73.0m), reflecting the successful acquisition of PTS in April 2018. PTS has already integrated well, achieving double-digit growth in their first full year with us. As previously reported, organically we have seen a slight reduction in overall trading levels of (1.4) % due to the much-publicised downturn in UK automotive manufacturing volumes in FY2019. These are largely being driven out of 'dieselgate' issues, as production builds have shifted to reflect global reductions in demand for this engine type. Outside of this, the UK has had another solid year in what is our most mature market. Most noticeably driven out of high ongoing demand in both our general industrial and distributor business.

In the USA, a successful site move at the beginning of the year has been rewarded by exceptional revenue growth, increasing by 38.3% to £8.9m (AER: 39.9% to £9.0m; FY2018: 6.8% to £6.4m). This reflects ongoing gains in both the automotive and electronics sector as our US business makes good use of the Group's existing multinational Tier 1 and OEM customer relationships.

Underlying operating profit

Underlying operating margins have remained broadly in line with last year, up 10bps to a record breaking 11.6% (FY2018: 11.5%), and generating an overall increase in underlying operating profit of 6.7% to £24.2m (AER: up 6.5% to £24.2m). This is split between an organic UOP of £23.0m, and non-organic UOP of £1.2m.

In Europe, ongoing strong sales growth over a semi-fixed cost base has increased margins. Although overall the underlying operating margin has reduced by 130bps to 11.0% (FY2018: 12.3%) largely as a result of the overhead investments we are continuing to make to support the strong organic growth in the region across Holland, Sweden, Hungary and Spain. In Italy, investments to build our manufacturing capacity and capabilities ahead of volume increases, have continued to restrict short term gross margins in this location. This situation is expected to reverse over the longer term.

Offsetting the above, Asia margins have increased by 130bps to 16.0% (FY2018: 14.7%). The biggest impact being as a result of a foreign exchange gain of £0.4m (FY2018: £ (0.4) m loss) on the translation of the balance sheet, largely due to the ongoing strength of the US$ against our key Asian currencies.

In the UK, UOP margins have fallen slightly by 50bps to 11.0% (FY2018: 11.5%). As previously reported, gross margins in our organic business have been reduced by *c.*150bps as a result of deferred purchase price inflationary pressures coming out of the extended weakness in sterling. However, the negative impacts of this, have been largely offset by the increased sales and margins that have come on board following the acquisition of PTS in April 2018.

In our small but fastest growing region, the USA, UOP margins have improved significantly to 4.9% (FY2018: 0.8%) as higher sales better cover semi-fixed operating costs. As in prior periods, relatively low underlying operating margins continue to be expected in this region given the level of investments for future growth being made here.

Net financing costs (at AER)

Interest costs have increased to £0.7m (FY2018: £0.5m) reflecting the increase in the average gross debt balance following the acquisition of PTS in April 2018.

Taxation (at AER)

The underlying effective tax rate (UETR) is broadly in line at 23.6% (ETR: 25.4%; FY2018: underlying ETR: 23.3%).

Subject to future tax changes and excluding prior year adjustments, our normalised underlying ETR is expected to remain in the range of *c.*22-25% going forward.

The main reason for the difference between our FY2019 ETR of 25.4% and the FY2018 ETR of 18.5% is due to the prior year finalisation of a fully provided tax position in the UK relating to a combination of EU loss relief claims and EU dividend relief claims. This led to a prior year corporation tax adjustment credit of £0.9m in FY2018.

Profit after tax (at AER)

Underlying profit after tax is up 5.4% to £18.0m.

Profit after tax (GAAP) reduced by 18.8% to £12.2m due to the £3.1m increase in operating costs relating to Project Atlas.

Net debt

Our net debt position has increased by £6.8m to £14.2m (FY2018: £7.4m). The majority of this increase reflects the acquisition of PTS for £8.2m (net of cash acquired).

Excluding Project Atlas, capital expenditure has been £3.1m in the period, most specifically within our manufacturing locations with additional plant and machinery going into our new Singaporean mezzanine floor and a factory extension at one of our Taiwanese sites.

Project Atlas has driven additional investment of £4.2m in the year, of which £1.1m has been capitalised (£0.9m as an intangible asset).

Outside of these movements, as expected, our cash generation has reduced with a conversion rate of underlying EBITDA to underlying cash of 64.9% (FY2018: 68.1%). The one key reason for this decrease is an increased investment in stock, which has totalled £8.3m in the year, leading to gross stock weeks of 25.3 weeks (FY2018: 22.7 weeks).

As previously reported, *c.* £2.5m of this increase is the direct result of our Brexit planning, mostly via an additional investment into customer specific stock lines, predominantly on the UK side of the border. This was put in place to ensure uninterrupted supply in the event of a no deal Brexit taking place on 29 March 2019. We are expecting to continue to hold these higher stock levels in the coming months to manage this ongoing risk.

Outside of Brexit, additional stock investments of £1.9m have been made at our US operations to support their exceptionally strong ongoing growth journey and to ensure that appropriate levels of buffer stock are held on site as new platform wins go into production. Looking ahead, we expect the negative impact this has had on cash conversion to settle as revenue levels start to feed through into underlying operating cash. The acquisition of PTS has also raised our stock levels by £2.9m via non-organic means.

Excluding the impacts of above, our normalised stock weeks would be more in line with our long term average at 23.1 weeks (5 year normalised average: 22.8 weeks) and our normalised conversion rate of underlying EBITDA to underlying cash would be significantly higher at 84.1%.

Banking facilities

We are very pleased to report that on the 16 April 2019, the Group signed new four year banking facilities with a consortium of three banks. These facilities have greatly increased our available RCF headroom to *c.* £38m (31 March 2019: £6.2m) and have streamlined our overall facility structure from a combination of term loans, asset backed lending and Revolving Credit Facilities (RCF) to a simple £80m RCF.

In addition to the increased headroom, the new facility also provides potential access to an extra £40m (31 March 2019: £nil) of accordion facilities. This greatly increases our ability to continue to invest to grow, both organically and also via further acquisitions. Whilst reduced marginal rates will allow us to control ongoing finance costs, despite the significant increase in available facilities.

This is an extremely exciting development for the Group. It provides the flexibility to allow us to continue to follow our strategic aims, coupled with an increase in both security and tenure of funding to support us in a less certain macro-economic environment.

Return on capital employed (at AER)

As at 31 March 2019, the Group's shareholders' equity had increased to £121.1m (FY2018: £110.3m). This £10.8m movement is made up of retained earnings of £9.8m, share movements totalling £0.4m, and a foreign exchange reserve gain of £0.6m which arose due to a relative weakening of Sterling against the US$ and our key Asian currencies in the financial year.

Over this increased asset base, our strong overall trading performance has led to an underlying ROCE of 18.8% (FY2018: 20.1%). The decrease from prior year has been largely driven out of upfront investments ahead of returns for Project Atlas and the acquisition of PTS.

Looking ahead

Ongoing and future investment plans

As a Group, we continue to invest in our operations around the world to support our ongoing growth story.

In manufacturing our capital expenditure plans will continue, albeit at a more reduced level, to increase capacity most noticeably at our Taiwanese site. This will reduce our per part production costs by bringing more manufacturing in-house in the future.

On the distribution side of the business, we will be extending our warehouse facilities at our pure distribution business in Lancaster in FY2020, supporting the double-digit compound annual growth we have seen here over the last three years. Looking longer term, the Board has also approved a more substantial site move in Hungary for the summer of 2020. This relocation into a purpose built warehouse will more than double capacity to not only better service existing trading levels following a 78% revenue increase over the last five years, but also to future proof the business for further growth.

In Europe, we will continue to invest into our expanding greenfield distribution site in Spain. Whilst in the UK, the setup of our new *TR* Innovation and Technical centre situated adjacent to our Midlands hub will provide a great place to hold workshops and training events with existing and potential customers alike.

Complementing all of the above, we are continuing to invest in both our global and local sales resources and supporting teams. With specific plans for 2020 already approved to build our Group teams as well as in the UK, Germany, Holland and the USA.

Project Atlas
As previously reported, in FY2019 we began Project Atlas, a £15.0m multi-year investment into the integration and development of the Group's IT infrastructure and underlying processes. This project is considered an essential part of our ongoing growth plans, both organic and acquisitive, and will allow us to continue to meet the evolving needs of our multinational OEM customers.

As planned, in FY2019 our key focus has been on the review, redesign and documentation of our underlying rules, policies and processes. Over the course of FY2020 we will be using all of this work to complete the design and build phase of our new IT platform.

This Project remains on track and on budget and is expected to generate substantial cost and growth benefits across the Group, to provide a return on investment of >25% pa at the point of full benefit realisation.

Acquisitions
We were delighted to announce the acquisition of PTS on the 4 April 2018. Being able to acquire such a high quality, growing operation in a complementary part of the market was a key win for us. They have already integrated well, achieving double-digit revenue growth in their first full year with us.

But as ever, the search for the next acquisition remains an important strategic aim for the Group. 2019 has seen further development of our proactive search, with our internal acquisition team now working closely with external advisors in a number of key geographies to help drive our ongoing activities in this area.

Outlook
2019 has delivered another year of record revenues and strong growth, with ongoing investment across all our regions and via Project Atlas. We start FY2020 with a robust balance sheet, significant new banking facilities and a proven track record of profitable investment.

There can be no doubt that the macroeconomic environment has become more challenging over recent years. With the uncertainty of Brexit potentially weighing on the UK economy, the continuing trade tensions between the US and China and the heightened risk of a Eurozone recession.

Despite this backdrop, our business is in good shape. We have entered FY2020 well positioned with a solid pipeline in place and, at this early point in the year, our expectations for the year ahead remain unchanged.

10 June 2019

Consolidated income statement
for the year ended 31 March 2019

	Note	**2019 £000**	2018 £000
Continuing operations			
Revenue	3	**208,952**	197,632
Cost of sales		**(146,317)**	(137,386)
Gross profit		**62,635**	60,246
Other operating income	4	**464**	467
Distribution expenses		**(4,268)**	(4,068)
Administrative expenses before separately disclosed items		**(34,635)**	(33,932)
IFRS2 charge	2	**(2,454)**	(2,194)
Acquired intangible amortisation	2	**(1,419)**	(1,363)
Net acquisition costs	2, 13	**(3)**	(110)
Project Atlas	2	**(3,117)**	(375)
Profit on sale of fixed assets	2	**—**	556
Costs on exercise of executive share options	2	**(107)**	(244)
Total administrative expenses		**(41,735)**	(37,662)
Operating profit	5	**17,096**	18,983
Financial income		**80**	60
Financial expenses		**(755)**	(540)
Net financing costs		**(675)**	(480)
Profit before taxation	2, 3	**16,421**	18,503
Taxation	6	**(4,177)**	(3,417)
Profit for the year			
(attributable to equity shareholders of the Parent Company)		**12,244**	15,086
Earnings per share			
Basic	14	**10.14p**	12.54p
Diluted	14	**9.90p**	12.20p

Consolidated statement of comprehensive income
for the year ended 31 March 2019

	2019 £000	2018 £000
Profit for the year	**12,244**	15,086
Other comprehensive income/(expense) for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**148**	(846)
Profit/(loss) on a hedge of a net investment taken to equity	**466**	(680)
Other comprehensive income/(expense) recognised directly in equity	**614**	(1,526)
Total comprehensive income recognised for the year		
(attributable to the equity shareholders of the Parent Company)	**12,858**	13,560

Consolidated statement of changes in equity - for the year ended 31 March 2019

	Share capital £000	Share premium £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2018	**6,068**	**21,579**	**(3,437)**	**13,374**	**72,705**	**110,289**
Total comprehensive income for the year:						
Profit for the year	**—**	**—**	**—**	**—**	**12,244**	**12,244**
Other comprehensive income for the year	**—**	**—**	**—**	**614**	**—**	**614**
Total comprehensive income recognised for the year	**—**	**—**	**—**	**614**	**12,244**	**12,858**
Issue of share capital	**27**	**335**	**—**	**—**	**(9)**	**353**
Share based payment transactions (net of tax)	**—**	**—**	**—**	**—**	**2,213**	**2,213**
Movement in own shares held	**—**	**—**	**418**	**—**	**(418)**	**—**
Dividends (note 12)	**—**	**—**	**—**	**—**	**(4,620)**	**(4,620)**
Total transactions with owners	**27**	**335**	**418**	**—**	**(2,834)**	**(2,054)**
Balance at 31 March 2019	**6,095**	**21,914**	**(3,019)**	**13,988**	**82,115**	**121,093**

Consolidated statement of changes in equity - for the year ended 31 March 2018

	Share capital £000	Share premium £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2017	6,014	21,378	—	14,900	59,406	101,698
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	15,086	15,086
Other comprehensive expense for the year	—	—	—	(1,526)	—	(1,526)
Total comprehensive income recognised for the year	—	—	—	(1,526)	15,086	13,560
Issue of share capital	54	201	—	—	(41)	214
Share based payment transactions (net of tax)	—	—	—	—	2,472	2,472
Movement in own shares held	—	—	(3,437)	—	—	(3,437)
Dividends (note 12)	—	—	—	—	(4,218)	(4,218)
Total transactions with owners	54	201	(3,437)	—	(1,787)	(4,969)
Balance at 31 March 2018	6,068	21,579	(3,437)	13,374	72,705	110,289

Company statement of changes in equity - for the year ended 31 March 2019

	Share capital £000	Share premium £000	Own shares held £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2018	**6,068**	**21,579**	**(3,437)**	**1,521**	**21,853**	**47,584**
Total comprehensive income for the year:						
Profit for the year	**—**	**—**	**—**	**—**	**4,577**	**4,577**
Total comprehensive income recognised for the year	**—**	**—**	**—**	**—**	**4,577**	**4,577**
Issue of share capital	**27**	**335**	**—**	**—**	**(9)**	**353**
Share based payment transactions (net of tax)	**—**	**—**	**—**	**—**	**2,297**	**2,297**
Movement in own shares held	**—**	**—**	**418**	**—**	**(418)**	**—**
Dividends (note 12)	**—**	**—**	**—**	**—**	**(4,620)**	**(4,620)**
Total transactions with owners	**27**	**335**	**418**	**—**	**(2,750)**	**(1,970)**
Balance at 31 March 2019	**6,095**	**21,914**	**(3,019)**	**1,521**	**23,680**	**50,191**

Company statement of changes in equity - for the year ended 31 March 2018

	Share capital £000	Share premium £000	Own shares held £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2017	6,014	21,378	—	1,521	19,222	48,135
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	4,677	4,677
Total comprehensive income recognised for the year	—	—	—	—	4,677	4,677
Issue of share capital	54	201	—	—	(41)	214
Share based payment transactions (net of tax)	—	—	—	—	2,213	2,213
Movement in own shares held	—	—	(3,437)	—	—	(3,437)
Dividends (note 12)	—	—	—	—	(4,218)	(4,218)
Total transactions with owners	54	201	(3,437)	—	(2,046)	(5,228)
Balance at 31 March 2018	6,068	21,579	(3,437)	1,521	21,853	47,584

Statements of financial position

at 31 March 2019

	Note	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Non-current assets					
Property, plant and equipment		**21,081**	20,013	**2,469**	2,493
Intangible assets		**44,818**	38,401	**943**	—
Equity investments		**—**	—	**41,440**	41,440
Deferred tax assets		**2,129**	2,355	**683**	767
Total non-current assets		**68,028**	60,769	**45,535**	44,700
Current assets					
Inventories	7	**57,558**	49,199	**—**	—
Trade and other receivables	8	**53,782**	52,466	**44,517**	33,257
Cash and cash equivalents	9	**25,199**	26,222	**899**	477
Total current assets		**136,539**	127,887	**45,416**	33,734
Total assets	3	**204,567**	188,656	**90,951**	78,434
Current liabilities					
Other interest-bearing loans and borrowings	10	**32,617**	21,912	**29,123**	17,393
Trade and other payables	11	**37,207**	38,697	**5,102**	2,429
Tax payable		**1,982**	1,811	**—**	—
Provisions		**—**	76	**—**	—
Total current liabilities		**71,806**	62,496	**34,225**	19,822
Non-current liabilities					
Non-current trade and other payables		**138**	—	**—**	—
Other interest-bearing loans and borrowings	10	**6,739**	11,741	**6,407**	10,896
Provisions		**959**	845	**—**	—
Deferred tax liabilities		**3,832**	3,285	**128**	132
Total non-current liabilities		**11,668**	15,871	**6,535**	11,028
Total liabilities	3	**83,474**	78,367	**40,760**	30,850
Net assets		**121,093**	110,289	**50,191**	47,584
Equity					
Share capital		**6,095**	6,068	**6,095**	6,068
Share premium		**21,914**	21,579	**21,914**	21,579
Own shares held		**(3,019)**	(3,437)	**(3,019)**	(3,437)
Reserves		**13,988**	13,374	**1,521**	1,521
Retained earnings		**82,115**	72,705	**23,680**	21,853
Total equity		**121,093**	110,289	**50,191**	47,584

These financial statements were approved by the Board of Directors on 10 June 2019.

Statements of cash flows

for the year ended 31 March 2019

	Note	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Cash flows from operating activities					
Profit for the year		**12,244**	15,086	**4,577**	4,677
Adjustments for:					
Depreciation, amortisation and impairment		**3,672**	3,300	**80**	87
Unrealised foreign currency loss/(gain)		**38**	(66)	**—**	—
Financial income		**(80)**	(60)	**(38)**	(12)
Financial expense		**755**	540	**614**	397
Loss/(gain) on sale of property, plant and equipment and investments		**12**	(560)	**—**	—
Dividends received		**—**	—	**(10,837)**	(9,494)
Equity settled share based payment charge		**2,414**	2,107	**1,131**	989
Taxation charge	6	**4,177**	3,417	**—**	—
Operating cash inflow/(outflow) before changes in working capital and provisions		**23,232**	23,764	**(4,473)**	(3,356)
Change in trade and other receivables		**(755)**	(2,536)	**(10,475)**	(91)
Change in inventories		**(6,036)**	(7,674)	**—**	—
Change in trade and other payables		**(2,645)**	1,677	**2,673**	(1,934)
Change in provisions		**(12)**	(266)	**—**	—
Cash generated from/(used in) operations		**13,784**	14,965	**(12,275)**	(5,381)
Tax paid		**(3,877)**	(4,849)	**—**	—
Net cash from/(used in) operating activities		**9,907**	10,116	**(12,275)**	(5,381)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**31**	1,650	**—**	—
Interest received		**84**	61	**37**	12
Acquisition of subsidiary, net of cash acquired	13	**(8,150)**	—	**—**	—
Acquisition of property, plant and equipment and intangibles		**(4,180)**	(3,566)	**(999)**	(6)
Dividends received		**—**	—	**10,837**	9,494
Net cash (used in)/from investing activities		**(12,215)**	(1,855)	**9,875**	9,500
Cash flows from financing activities					
Proceeds from the issue of share capital		**353**	214	**353**	214
Purchase of own shares		**—**	(3,437)	**—**	(3,437)
Proceeds from new loan		**12,136**	5,542	**12,136**	4,854
Repayment of borrowings		**(5,953)**	(3,773)	**(4,433)**	(3,245)
(Payment)/proceeds from finance leases		**(2)**	66	**—**	—
Dividends paid	12	**(4,620)**	(4,218)	**(4,620)**	(4,218)
Interest paid		**(758)**	(540)	**(614)**	(397)
Net cash from/(used) in financing activities		**1,156**	(6,146)	**2,822**	(6,229)
Net change in cash and cash equivalents		**(1,152)**	2,115	**422**	(2,110)
Cash and cash equivalents at 1 April	9	**26,222**	24,645	**477**	2,587
Effect of exchange rate fluctuations on cash held		**129**	(538)	**—**	—
Cash and cash equivalents at 31 March	9	**25,199**	26,222	**899**	477

NOTES TO THE PRELIMINARY STATEMENT

1. Preparation of the preliminary statement

The preliminary results announcement for the year ended 31 March 2019 has been prepared by the Directors based on the results and position reflected in the statutory accounts. The statutory accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRS').

The Board of Directors approved the preliminary announcement on 10 June 2019.

2. Underlying profit before tax and separately disclosed items

	Note	**2019 £000**	2018 £000
Underlying profit before tax		**23,521**	22,233
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge		**(2,454)**	(2,194)
Acquired intangible amortisation		**(1,419)**	(1,363)
Net acquisition costs	13	**(3)**	(110)
Project Atlas		**(3,117)**	(375)
Profit on sale of fixed assets		**—**	556
Costs on exercise of executive share options		**(107)**	(244)
Profit before tax		**16,421**	18,503

	Note	**2019 £000**	2018 £000
Underlying EBITDA		**26,449**	24,650
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge		**(2,454)**	(2,194)
Net acquisition costs	13	**(3)**	(110)
Project Atlas		**(3,117)**	(375)
Profit on sale of fixed assets		**—**	556
Costs on exercise of executive share options		**(107)**	(244)
EBITDA		**20,768**	22,283
Acquired intangible amortisation		**(1,419)**	(1,363)
Depreciation and non-acquired amortisation		**(2,253)**	(1,937)
Operating profit		**17,096**	18,983

There were £nil separately disclosed items in 2019 (FY2018: £nil) other than the amounts detailed above.

Recurring items

During the period the IFRS2 charge increased, relating to the Board LTIPs and new grants of the Deferred Bonus Award scheme for senior managers. £0.5m (FY2018: £0.7m) relates to the Board deferred equity bonus scheme. £0.6m (FY2018: £0.2m) relates to the new LTIP structure for the Directors. £1.2m (FY2018: £1.1m) represents the charge for the Deferred Bonus Award scheme for senior managers. The remaining £0.2m (FY2018: £0.2m) relates to the SAYE scheme.

IFRS 2 charges have been separately disclosed since adoption in FY2006 and management continue to consider this appropriate whilst the Group remains in a transitionary phase with its share based payment schemes. In FY2018, the Board's remuneration policy substantially changed from a deferred equity bonus structure focusing on a one year performance condition, to the introduction of an LTIP Board bonus scheme with three year performance conditions. In addition, we have also recently introduced a senior manager deferred bonus scheme, the first tranche of which matures in December 2019.

Acquired intangible amortisation has remained in line with prior year. Intangible amortisation relating to acquisitions have been separately disclosed since they do not relate to the trading performance of the respective entities with a charge.

During the year, part of the 2015 Board deferred equity bonus shares were exercised and the Company incurred £0.1m of employer's National Insurance in relation to these exercises. Last year, the 2014 Deferred Equity Bonus awards were exercised resulting in the Company incurring £0.2m of employer's National Insurance.

Event driven/one-off items

Net acquisition costs of £0.1m (FY2018: £0.1m) were incurred in the year in relation to the acquisition of PTS on 4 April 2018. This was offset by a £(0.1) m movement in the contingent consideration for PTS.

Project Atlas is a multi-year investment into our IT infrastructure and underlying business processes, budgeted to cost £15.0m. As a consequence of the work undertaken to date on this project, we have incurred direct costs of £3.1m in FY2019 (FY2018: £0.4m), largely relating to project team and consultancy costs. We have excluded these costs from our underlying results, to reflect the unusual scale and one-off nature of this project. We anticipate continuing to do so in order to provide shareholders with a better understanding of our underlying trading performance during this period of investment. This investment will be recorded as a combination of capital expenditure and separately disclosed items, dependent on accounting convention.

A factory, previously rented to an automotive OEM, owned by PSEP was sold in the prior year for £1.7m, generating a profit of £0.6m.

Management feel it is appropriate to remove the one-off costs and certain non-trading items discussed above to better allow the reader of the accounts to understand the underlying performance of the Group.

3. Operating segmental analysis

Segment information is presented in the consolidated financial statements in respect of the Group's geographical segments. This reflects the Group's management and internal reporting structure, and the operating basis on which individual operations are reviewed by the Chief Operating Decision Maker (the Board). Performance is measured based on each segment's underlying profit before finance costs and income tax as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. This is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the industry.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Goodwill and intangible assets acquired on business combinations are included in the region to which they relate.

Geographical operating segments

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

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

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

March 2019	UK £000	Europe £000	USA £000	Asia £000	Common costs £000	Total £000
Revenue						
Revenue from external customers	**76,030**	**75,395**	**8,822**	**48,705**	**—**	**208,952**
Inter segment revenue	**3,040**	**1,742**	**178**	**10,539**	**—**	**15,499**
Total revenue	**79,070**	**77,137**	**9,000**	**59,244**	**—**	**224,451**
Underlying operating result	**8,666**	**8,423**	**446**	**9,445**	**(2,784)**	**24,196**
Net financing (costs)/income	**(99)**	**(42)**	**(19)**	**63**	**(578)**	**(675)**
Underlying segment result	**8,567**	**8,381**	**427**	**9,508**	**(3,362)**	**23,521**
Separately disclosed items (see note 2)						**(7,100)**
Profit before tax						**16,421**
Specific disclosure items						
Depreciation and amortisation	**705**	**1,891**	**45**	**951**	**80**	**3,672**
Assets and liabilities						
Segment assets	**57,763**	**75,407**	**6,505**	**59,458**	**5,434**	**204,567**
Segment liabilities	**(20,027)**	**(14,416)**	**(492)**	**(10,759)**	**(37,780)**	**(83,474)**

3. Operating segmental analysis……*continued*

March 2018	UK £000	Europe £000	USA £000	Asia £000	Common costs £000	Total £000
Revenue						
Revenue from external customers	70,286	72,721	6,271	48,354	—	197,632
Inter segment revenue	2,689	938	162	8,838	—	12,627
Total revenue	72,975	73,659	6,433	57,192	—	210,259
Underlying operating result	8,410	9,085	52	8,426	(3,260)	22,713
Net financing (costs)/income	(100)	(52)	—	55	(383)	(480)
Underlying segment result	8,310	9,033	52	8,481	(3,643)	22,233
Separately disclosed items (see note 2)						(3,730)
Profit before tax						18,503
Specific disclosure items						
Depreciation and amortisation	267	1,713	17	1,215	88	3,300
Assets and liabilities						
Segment assets	44,561	75,729	3,788	60,392	4,186	188,656
Segment liabilities	(19,350)	(16,211)	(408)	(11,592)	(30,806)	(78,367)

There were no material differences in Europe and USA between the external revenue based on location of the entities and the location of the customers. Of the UK external revenue £16.9m (FY2018: £14.9m) was sold into the European market. Of the Asian external revenue, £5.1m (FY2018: £4.7m) was sold into the American market and £8.6m (FY2018: £5.9m) sold into the European market.

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

4. Other operating income

	2019 £000	2018 £000
Rental income received from freehold properties	**12**	57
Other income	**452**	410
	464	467

5. Expenses and auditor's remuneration

Included in profit for the year are the following:

	Note	**2019 £000**	2018 £000
Depreciation and non-acquired amortisation		**2,253**	1,937
Amortisation of acquired intangibles		**1,419**	1,363
Operating lease expense		**4,051**	3,302
Net foreign exchange (gain)/loss		**(92)**	420
Project Atlas (IT and business processes)		**(3,117)**	375
Loss/(gain) on disposal of fixed assets		**12**	(560)

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	**87**	66
Audit of financial statements of subsidiaries pursuant to legislation	**252**	225
Taxation compliance services	**21**	15
Other assurance services	**30**	29
Other services relating to transaction services	**—**	30

6. Taxation

Recognised in the income statement	**2019 £000**	2018 £000
Current UK tax expense:		
Current year	**496**	597
Adjustments for prior years	**103**	(983)
	599	(386)
Current foreign tax expense:		
Current year	**3,941**	4,186
Adjustments for prior years	**(10)**	(35)
	3,931	4,151
Total current tax	**4,530**	3,765
Deferred tax expense:		
Origination and reversal of temporary differences	**(289)**	(281)
Change in tax rates	**27**	(47)
Adjustments for prior years	**(91)**	(20)
Deferred tax income	**(353)**	(348)
Tax in income statement	**4,177**	3,417

	2019 £000	2018 £000
Current tax recognised directly in equity — IFRS2 share based tax credit	**(121)**	(239)
Deferred tax recognised directly in equity — IFRS2 share based tax charge/(credit)	**322**	(127)
Total tax recognised in equity	**201**	(366)

Reconciliation of effective tax rate ('ETR') and tax expense	**2019 £000**	**ETR %**	2018 £000	ETR %
Profit for the period	**12,244**		15,086	
Tax from continuing operations	**4,177**		3,417	
Profit before tax	**16,421**		18,503	
Tax using the UK corporation tax rate of 19% (FY2018: 19%)	**3,120**	**19**	3,516	19
Tax suffered on dividends	**474**	**3**	319	2
Non-deductible expenses	**189**	**1**	222	1
Tax incentives	**(146)**	**(1)**	(82)	—
Non-taxable receipts	**—**	**—**	(100)	(1)
IFRS2 share option charge	**105**	**1**	53	—
Deferred tax assets not recognised	**58**	**—**	107	1
Different tax rates on overseas earnings	**348**	**2**	467	2
Adjustments in respect of prior years	**2**	**—**	(1,038)	(6)
Tax rate change	**27**	**—**	(47)	—
Total tax in income statement	**4,177**	**25**	3,417	18

A reduction in the UK tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. Deferred tax has been calculated based on these enacted rates.

In FY2018 an open tax enquiry was settled for £0.3m. This resulted in a £0.9m release of the £1.2m provision on the balance sheet at 31 March 2018. The amount recognised in the Company financial statements is £nil. The tax rate change in Italy in FY2018 (IRES reduced from 27.5% to 24%) also reduced our FY2018 tax charge by £0.2m, whilst due to brought forward losses, the tax rate change in the USA (federal tax rate reduced from 34% to 21%) increased our tax charge by £0.2m.

7. Inventories – Group

	2019 **£000**	2018 £000
Raw materials and consumables	**5,568**	5,284
Work in progress	**2,233**	1,856
Finished goods and goods for resale	**49,757**	42,059
	57,558	49,199

In 2018, inventories of £132.4m (FY2018: £125.0m) were recognised as an expense during the year and included in cost of sales. Inventories have been written down by £1.1m in the year (FY2018: £0.8m) in line with the Group's stock provisioning policy. Such write-downs were recognised as an expense during 2019. No significant specific stock provisions have been reversed in the year.

No inventories are pledged as security for liabilities.

The carrying amount of inventories carried at fair value less costs to sell is £1.2m (FY2018: £0.8m).

8. Trade and other receivables

	Group		**Company**	
	2019 **£000**	2018 £000	**2019** **£000**	2018 £000
Trade receivables	**49,149**	47,984	**—**	—
Non trade receivables and prepayments	**4,633**	4,482	**313**	306
Amounts owed by subsidiary undertakings	**—**	—	**44,204**	32,951
	53,782	52,466	**44,517**	33,257

An explanation of credit risk and details of the security held over receivables

9. Cash and cash equivalents/bank overdrafts

	Group		**Company**	
	2019 **£000**	2018 £000	**2019** **£000**	2018 £000
Cash and cash equivalents per Statements of financial position	**25,199**	26,222	**899**	477
Bank overdrafts per Statements of financial position	**—**	—	**—**	—
Cash and cash equivalents per Statements of cash flows	**25,199**	26,222	**899**	477

10. Other interest-bearing loans and borrowings

This note provides information about the Group and Company's existing interest-bearing loans and borrowings as at 31 March 2019.

			Current		**Non-current**	
Initial loan value	Rate	Maturity	**2019** **£000**	2018 £000	**2019** **£000**	2018 £000
Group						
Asset based lending	Base + 1.49%	2019	**2,977**	3,968	**—**	—
VIC unsecured loan	EURIBOR + 1.95%	2020	**517**	528	**258**	792
Finance lease liabilities	Various	2019-2020	**—**	23	**74**	53
Group and Company						
Facility A VIC acquisition loan	EURIBOR + 1.50%	2021	**4,307**	4,398	**4,307**	8,796
Facility B Revolving Credit Facility	LIBOR/ EURIBOR + 1.50%	2019-2021	**24,816**	12,995	**—**	—
Property Loan	LIBOR + 1.25%	2021	**—**	—	**2,100**	2,100
Total Group			**32,617**	21,912	**6,739**	11,741
Total Company			**29,123**	17,393	**6,407**	10,896

On 16 April 2019, the Group re-financed its banking facilities.

11. Trade and other payables

	Group		**Company**	
	2019 **£000**	2018 £000	**2019** **£000**	2018 £000
Trade payables	**21,496**	21,400	**—**	—
Amounts payable to subsidiary undertakings	**—**	—	**4,162**	325
Deferred consideration	**511**	—	**—**	—
Non-trade payables and accrued expenses	**12,961**	15,396	**839**	1,979
Other taxes and social security	**2,239**	1,901	**101**	125
	37,207	38,697	**5,102**	2,429

12. Dividends

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

	2019 £000	2018 £000
Final paid 2018 — 2.75p (2017: 2.50p) per qualifying ordinary share	**3,301**	3,015
Interim paid 2018 — 1.10p (2017: 1.00p) per qualifying ordinary share	**1,319**	1,203
	4,620	4,218

After the balance sheet date a final dividend of 3.05p per qualifying ordinary share (2018: 2.75p) was proposed by the Directors and an interim dividend of 1.20p (2018: 1.10p) was paid in April 2019.

	2019 £000	2018 £000
Final proposed 2019 — 3.05p (2018: 2.75p) per qualifying ordinary share	**3,677**	3,296
Interim paid 2019 1.20p (2018: 1.10p) per qualifying ordinary share	**1,447**	1,319
	5,124	4,615

Subject to Shareholder approval at the Annual General Meeting which is to be held on 24 July 2019, the final dividend will be paid on 11 October 2019 to Members on the register at the close of business on 13 September 2019. The ordinary shares will become ex-dividend on 12 September 2019.

13. Acquisition of Precision Technology Supplies Limited ('PTS')

On 4 April 2018, the Group acquired PTS for an initial consideration of £8.5m, subject to adjustment based on the net cash in the business at completion. The initial amount was paid on completion in cash. Contingent consideration of up to £2.5m in cash is based on the achievement of significant earn-out targets, and will be deferred for 12 months. The targets require PTS to achieve a minimum adjusted profit after tax (PAT) for FY2019 to receive a further £0.5m consideration. Then for every £1 of adjusted PAT in excess of the minimum an extra £3.77 will be payable subject to a maximum of £2.0m. This contingent consideration will also serve as a retention against which any potential warranty and indemnity claims can be offset at the end of the earn out period. The cash consideration has been met from the Company's existing bank facilities via a drawdown of part of the accordion facility with HSBC.

Based in East Grinstead, UK, PTS was founded in 1988 and employs 27 staff. It is a highly regarded distributor of stainless-steel industrial fastenings and precision turned parts, primarily to the electronics, medical instruments, petrochemical, defence and robotics sectors. Its emphasis is on delivering high quality products and services, currently selling into >75 countries directly through its well-established distributor network, as well as digitally through its newly developed, fully integrated commercial website which lists over 43,000 products for sale. This approach has enabled PTS to continue to deliver strong sales growth over the last three years.

In the twelve months since acquiring PTS to 31 March 2019, the subsidiary contributed £1.2m to the consolidated profit before tax for the period and £7.1m to Group revenue.

TR has experienced a growing demand for stainless steel fastenings from a number of our global OEM customers. Adding the PTS product portfolio will widen our global stock range to enhance our customer offering and provide further support to our distributor sales (currently *c.*12% of Group revenue).

	Provisional fair values disclosed^ £000	Adjustments to provisional fair values £000	Recognised fair value £000
Property, plant and equipment	253	-	253
Intangible assets	4,816	-	4,816
Inventories	2,417	(164)	2,253
Trade and other receivables	1,324	-	1,324
Cash and cash equivalents	632	-	632
Trade and other payables	(1,218)	187	(1,031)
Provisions	-	(50)	(50)
Deferred tax liabilities	(861)	-	(861)
Net identifiable assets and liabilities	7,363	(27)	7,336
Consideration paid:			
Initial cash price paid	8,781	-	8,781
Contingent consideration at fair value*	598	-	598
Total consideration	9,379	-	9,379
Goodwill on acquisition	2,016	27	2,043

^These figures were disclosed in the Annual report for the year ended 31 March 2018

* Original contingent consideration fair value at acquisition date

The fair value of trade and other receivables is £1.3m. The gross contractual flows to be collected are £1.1m. The best estimate at acquisition date of the contractual flows not to be collected is £nil.

Intangible assets that arose on the acquisition include the following:

- £3.7m of customer relationships, with an amortisation period deemed to be 15 years
- £1.1m of marketing related intangibles, with an amortisation period deemed to be 12 years

Goodwill is the excess of the purchase price over the fair value of the net assets acquired and is not deductible for tax purposes. It mostly represents potential synergies, e.g. cross-selling opportunities between PTS and the Group, and PTS's assembled workforce.

Effect of acquisition

The Group incurred costs of £0.1m up to 31 March 2019 (FY2018: £0.2m) in relation to the PTS acquisition of which £0.1m have been included in administrative expenses in the Group's consolidated statement of comprehensive income and form part of separately disclosed items, see note 2. This has been offset by a movement of £0.1m in acquisition related contingent consideration.

14. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2019 was based on the profit attributable to ordinary shareholders of £12.2m (FY2018: £15.1m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2019 (excluding own shares held) of 120,723,637 (FY2018: 120,313,586), calculated as follows:

Weighted average number of ordinary shares	**2019**	2018
Issued ordinary shares at 1 April	**121,364,667**	120,294,486
Net effect of shares issued/held	**(641,030)**	19,100
Weighted average number of ordinary shares at 31 March	**120,723,637**	120,313,586

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2019 was based on profit attributable to ordinary shareholders of £12.2m (FY2018: £15.1m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2019 (excluding own shares held) of 123,734,170 (FY2018: 123,678,854), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2019	2018
Weighted average number of ordinary shares at 31 March	**120,723,637**	120,313,586
Effect of share options on issue	**3,010,533**	3,365,268
Weighted average number of ordinary shares (diluted) at 31 March	**123,734,170**	123,678,854

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

Underlying earnings per share

	2019 EPS			2018 EPS		
EPS (total)	**Earnings £000**	**Basic**	**Diluted**	Earnings £000	Basic	Diluted
Profit after tax for the financial year	**12,244**	**10.14p**	**9.90p**	15,086	12.54p	12.20p
Separately disclosed items:						
IFRS2 share based payment charge	**2,454**	**2.03p**	**1.98p**	2,194	1.83p	1.77p
Acquired intangible amortisation	**1,419**	**1.18p**	**1.14p**	1,363	1.13p	1.10p
Net acquisition costs	**3**	**—**	**—**	110	0.09p	0.09p
Costs on exercise of executive share options	**107**	**0.09p**	**0.09p**	244	0.20p	0.20p
Profit on sale of fixed assets	**—**	**—**	**—**	(556)	(0.46p)	(0.45p)
Project Atlas	**3,117**	**2.58p**	**2.52p**	375	0.31p	0.30p
Tax charge on adjusted items above	**(1,370)**	**(1.13p)**	**(1.10p)**	(802)	(0.67p)	(0.65p)
Tax adjusted items	**—**	**—**	**—**	(967)	(0.80p)	(0.78p)
Underlying profit after tax	**17,974**	**14.89p**	**14.53p**	17,047	14.17p	13.78p

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

The tax adjusted items includes the release of the tax provision from the open tax enquiry and the tax rate changes in Italy and the USA respectively. See note 6 for further details.

15. Preliminary statement

The financial information set out above does not constitute the Group's statutory Report and Accounts for the years ended 31 March 2019 or 2018 but is derived from the 2019 Report and Accounts. The Report and Accounts for 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered in due course. The external auditor has reported on the 2019 Report and Accounts; the report was (i) unqualified, (ii) did not include references to any matters to which the external auditor drew attention by way of emphasis without qualifying the reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

16. Investor communications

The Company is not proposing to bulk print and distribute hard copies of this Preliminary statement unless specifically requested by individual shareholders, however it can be downloaded from the investor website. News updates, Regulatory News, and previous years' Annual Reports can also be viewed and downloaded from the Group's website, www.trifast.com.

The Report and Accounts for the year ended 31 March 2019, together with the Notice of Meeting will be posted to shareholders where requested and uploaded to the National Storage Mechanism (http://www.morningstar.co.uk/uk/NSM) and the Group's website, www.trifast.com in due course.

The 2019 Annual Report and Financial Statements will also be available on request by writing to: The Company Secretary, *Trifast* plc, *Trifast* House, Bellbrook Park, Uckfield, East Sussex TN22 1QW, Email: corporate.enquiries@trifast.com.

17. Annual General Meeting

The Annual General Meeting will be held on Wednesday, 24 July 2019 at 12noon at *Trifast* House, Bellbrook Park, Uckfield, East Sussex TN22 1QW.

Enquiries please contact:

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Editors' note:

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LEI number: 213800WFIVE6RUK3CR22

Trifast plc (*TR*) is an international specialist in the design, engineering, manufacture and distribution of high quality industrial and Category 'C' fastenings principally to major global assembly industries.

TR employs *c*.1300 people across 32 business locations within the UK, Asia, Europe and the USA including eight high-volume, high-quality and cost-effective manufacturing sites across the world. *TR* supplies to over 5,000 customers in >75 countries worldwide.

As a full-service provider to multinational OEMs and Tier 1 companies spanning several sectors, *TR* delivers comprehensive support to its customers across every requirement, from concept design through to technical engineering consultancy, manufacturing, supply management and global logistics.

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