

Wednesday 25 September, 2013

# Braime (T.F.& J.H.) Half Yearly Report

RNS Number : 7951O  
Braime (T.F.& J.H.) (Hldgs) PLC  
25 September 2013

T.F. & J.H. Braime (Holdings) P.L.C.

("Braime" or the "Company")

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30TH JUNE 2013

Sales revenue for the first six months of 2013 increased by 6% to £11,224,000 (2012: 10,586,601). Profit before tax increased to £391,000 (2012: £258,000) and the profit after tax increased to £266,000 (2012: £179,000) 2012.

Although this modest profit remains well below our target, the improvement in profitability is welcome, particularly given the background of the continuing difficult markets.

## Cash and investments

After previous periods of strong cash generation, the operating cash flow for the first six months of 2013 was negative due primarily to an increase in both stocks and debtors over and above our trade credit finance.

The transfer of our banking arrangements in January of this year to HSBC has both reduced our finance costs and strengthened the group's financial position. This enabled the [directors](#) to take up the option to purchase, with the assistance of mortgage funding, new and much larger premises in the US which we had moved into in 2012. The timing also enabled [the Company](#) to benefit from the 'Roll Over' tax relief on the profit arising on the sale of the previous US property. Over and above the mortgage, the purchase resulted in a net outflow of [funds](#) of £297,000, although much of this cash requirement came from the sale in 2012 of our previous US property.

## Dividends

The directors have taken the decision to maintain the first interim dividend at the same level as 2012. A dividend of 2.40p per share will be paid on 9th October to the Ordinary and 'A' Ordinary shareholders on the register on 4th October 2013. The associated ex-dividend date will be 2nd October 2013.

## Performance of group companies

### 4B division

The performance of our distribution [businesses](#) was mixed, with some subsidiaries [reporting](#) a reduction in profitability. While the result in the US was largely flat, the UK operation enjoyed an improvement. Overall, the operating profitability of the 4B division improved when compared to the first half of 2012. The division is well placed to continue its long term growth.

#### **Pressings division**

The performance of our manufacturing business in Leeds improved, partly due to a reduction in costs and an increase in sales. We are currently in the midst of a major investment to revise the layout of our facility and introduce a number of new manufacturing cells, including spray painting facilities. We are hopeful of securing substantial increased business with both existing and new customers.

#### **Outlook**

There have been early signs that the recession may be coming to an end but these signs are both tentative and fragile. We are cautiously optimistic of being able to continue the gradual improvement in profitability but, given the background of relatively weak demand and the continuing volatility in exchange rates, it is difficult to predict the result for 2013.

For further [information](#) please contact:

T.F. & J.H. Braime (Holdings) P.L.C. O. N. A. Braime - Chairman	0113 245 7491
W. H. Ireland Limited Katy Mitchell	0161 832 2174



## Consolidated income statement

For the six months ended 30th June 2013

	Note	Unaudited 6 months to 30th June 2013 £	Unaudited 6 months to 30th June 2012 £	Audited year to 31st December 2012 £
<b>Revenue</b>		<b>11,224,157</b>	10,586,601	21,211,887
Changes in inventories of finished goods and work in progress		356,006	(95,947)	(23,484)
Raw materials and consumables used		(6,760,517)	(6,004,802)	(11,849,425)
Employee benefits costs		(2,423,752)	(2,306,180)	(4,587,039)
Depreciation expense		(241,255)	(218,072)	(464,539)
Other expenses		(1,731,995)	(1,671,605)	(3,628,799)
<b>Profit from operations</b>		<b>422,644</b>	289,995	658,601
Profit on disposal of tangible fixed assets		13,239	5,900	100,435
Finance costs		(44,778)	(50,016)	(101,541)
Finance income		274	12,273	20,726
<b>Profit before tax</b>		<b>391,379</b>	258,152	678,221
Tax expense		(125,241)	(79,121)	(251,346)
<b>Profit for the year attributable to equity shareholders of the parent company</b>		<b>266,138</b>	179,031	426,875
<b>Basic and diluted earnings per share</b>	2	<b>18.48p</b>	12.43p	29.64p

## Consolidated statement of comprehensive income

For the six months ended 30th June 2013

	Unaudited 6 months to 30th June 2013 £	Unaudited 6 months to 30th June 2012 £	Audited year to 31st December 2012 £

Profit for the period	<b>266,138</b>	179,031	426,875
Actuarial losses recognised directly in equity	-	-	(7,000)
Foreign exchange losses on re-translation of overseas operations	<b>(24,516)</b>	(21,630)	(57,608)
Adjustment in respect of minimum funding requirement per IFRIC14	-	3,000	10,000
Total other comprehensive income for the period	<b>(24,516)</b>	(18,630)	(54,608)
<b>Total comprehensive income for the period</b>	<b>241,622</b>	160,401	372,267

## Consolidated statement of financial position

At 30th June 2013

	Unaudited 6 months to 30th June 2013 £	Unaudited 6 months to 30th June 2012 £	Audited year to 31st December 2012 £
<b>Non-current assets</b>			
Property, plant and equipment	<b>2,531,097</b>	1,711,300	1,504,575
Goodwill	<b>12,270</b>	12,270	12,270
<b>Total non-current assets</b>	<b>2,543,367</b>	1,723,570	1,516,845
<b>Current assets</b>			
Inventories	<b>4,794,271</b>	4,381,296	4,387,303
Trade and other receivables	<b>4,597,832</b>	4,116,516	3,219,715
Cash and cash equivalents	<b>637,041</b>	1,972,761	1,576,283
<b>Total current assets</b>	<b>10,029,144</b>	10,470,573	9,183,301
<b>Total assets</b>	<b>12,572,511</b>	12,194,143	10,700,146
<b>Current liabilities</b>			
Bank overdraft	<b>392,403</b>	2,055,431	642,492
Trade and other payables	<b>3,221,111</b>	2,642,811	2,478,283
Other financial liabilities	<b>1,285,701</b>	868,517	863,922
Corporation tax liability	<b>119,714</b>	82	-
<b>Total current liabilities</b>	<b>5,018,929</b>	5,566,841	3,984,697
<b>Non-current liabilities</b>			
Financial liabilities	<b>1,189,708</b>	604,596	515,437

<b>Total non-current liabilities</b>	<b>1,189,708</b>	604,596	515,437
<b>Total liabilities</b>	<b>6,208,637</b>	6,171,437	4,500,134
<b>Total net assets</b>	<b>6,363,874</b>	6,022,706	6,200,012
<b>Capital and reserves</b>			
Share capital	<b>360,000</b>	360,000	360,000
Capital reserve	<b>77,319</b>	77,319	77,319
Foreign exchange reserve	<b>252,635</b>	313,129	277,151
Retained earnings	<b>5,673,920</b>	5,272,258	5,485,542
<b>Total equity attributable to equity shareholders of the company</b>	<b>6,363,874</b>	6,022,706	6,200,012

### Consolidated statement of changes in equity

For the six months ended 30th June 2013

	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
Balance at 1st January 2013	360,000	77,319	277,151	5,485,542	6,200,012
<b>Comprehensive income</b>					
Profit	-	-	-	266,138	266,138
<b>Other comprehensive income</b>					
Actuarial gains recognised directly in equity	-	-	-	-	-
Foreign exchange losses on re-translation of overseas operations	-	-	(24,516)	-	(24,516)
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	-	-
Total other comprehensive income	-	-	(24,516)	-	(24,516)
Total comprehensive income	-	-	(24,516)	266,138	241,622
<b>Transaction with owners</b>					
Dividends	-	-	-	(77,760)	(77,760)
Total transactions with owners	-	-	-	(77,760)	(77,760)
Balance at 30th June 2013	360,000	77,319	252,635	5,673,920	6,363,874
Balance at 1st January 2012	360,000	77,319	334,759	5,167,987	5,940,065
<b>Comprehensive income</b>					

Profit	-	-	-	179,031	179,031
<b>Other comprehensive income</b>					
Actuarial gains recognised directly in equity	-	-	-	-	-
Foreign exchange gains on re-translation of overseas operations	-	-	(21,630)	-	(21,630)
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	3,000	3,000
Total other comprehensive income	-	-	(21,630)	3,000	(18,630)
Total comprehensive income	-	-	(21,630)	182,031	160,401
<b>Transaction with owners</b>					
Dividends	-	-	-	(77,760)	(77,760)
Total transactions with owners	-	-	-	(77,760)	(77,760)
Balance at 30th June 2012	360,000	77,319	313,129	5,272,258	6,022,706
Balance at 1st January 2012	360,000	77,319	334,759	5,167,987	5,940,065
<b>Comprehensive income</b>					
Profit	-	-	-	426,875	426,875
<b>Other comprehensive income</b>					
Actuarial losses recognised directly in equity	-	-	-	(7,000)	(7,000)
Foreign exchange gains on re-translation of overseas operations	-	-	(57,608)	-	(57,608)
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	10,000	10,000
Total other comprehensive income	-	-	(57,608)	3,000	(54,608)
Total comprehensive income	-	-	(57,608)	429,875	372,267
<b>Transaction with owners</b>					
Dividends	-	-	-	(112,320)	(112,320)
Total transactions with owners	-	-	-	(112,320)	(112,320)
Balance at 31st December 2012	360,000	77,319	277,151	5,485,542	6,200,012

## Consolidated cash flow statement

For the six months ended 30th June 2013

	Note	Unaudited 6 months to 30th June 2013 £	Unaudited 6 months to 30th June 2012 £	Audited year to 31st December 2012 £
<b>Operating activities</b>				
Net profit from ordinary activities		266,137	179,031	426,875
Adjustments for:				
Depreciation		241,255	218,073	464,539
Grants amortised		(828)	(828)	(1,656)
Foreign exchange losses		(30,871)	(18,825)	(53,182)
Finance income		(274)	(12,273)	(20,726)
Finance expense		44,778	50,016	101,541
Gain on sale of plant and equipment		(13,239)	(5,900)	(100,435)
Adjustment in respect of defined benefit scheme		-	13,000	21,000
Income tax expense		125,241	79,121	251,346
<b>Operating profit before changes in working capital and provisions</b>				
		632,199	501,415	1,089,302
(Increase)/decrease in trade and other receivables		(1,378,117)	(609,022)	363,898
(Increase)/decrease in inventories		(406,968)	20,437	14,430
Increase in trade and other payables		1,084,954	654,105	444,808
		(700,131)	65,520	823,136
<b>Net cash from operating activities</b>				
		(67,932)	566,935	1,912,438
Income taxes paid		(5,527)	(193,359)	(441,784)
<b>Investing activities</b>				
Purchase of property		(1,187,465)	-	-
Purchases of plant, machinery and motor vehicles		(84,662)	(317,507)	(483,734)
Sale of plant, machinery and motor vehicles		13,239	5,900	378,440
Interest received		274	2,273	2,726
		(1,258,614)	(309,334)	(102,568)
<b>Financing activities</b>				
Proceeds from long term borrowings		890,443	-	-
Repayment of borrowings		(6,782)	(173,137)	(247,065)
Repayment of hire purchase creditors		(118,203)	(106,706)	(234,076)
Interest paid		(44,778)	(50,016)	(101,541)
Dividend paid		(77,760)	(77,760)	(112,320)



		642,920	(407,619)	(695,002)
	4	(689,153)	(343,377)	673,084
Decrease in cash and cash equivalent Cash and cash equivalents (including overdrafts), beginning of period	4	933,791	260,707	260,707
<b>Cash and cash equivalents (including overdrafts), end of period</b>		<b>244,638</b>	<b>(82,670)</b>	<b>933,791</b>

## Notes to the interim financial report

### 1. Accounting policies

#### Basis of preparation

The interim financial report has been prepared using accounting policies that are consistent with those used in the preparation of the full financial statements to 31st December 2012 and those which management expects to apply in the group's full financial statements to 31st December 2013.

This interim financial report is unaudited. The comparative financial information set out in this interim financial report does not constitute the group's statutory accounts for the period ended 31st December 2012 but is derived from the accounts. Statutory accounts for the period ended 31st December 2012 have been delivered to the Registrar of Companies. The auditors have reported on those accounts. Their audit report was unqualified and did not contain any statements under Section 498 of the Companies Act 2006.

The group's condensed interim financial information has been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for the use in the European Union and in accordance with IAS 34 'Interim Financial Reporting' and the accounting policies included in the Annual Report for the year ended 31st December 2012, which have been applied consistently throughout the current and preceding periods.

### 2. Earnings per share and dividends

Both the basic and diluted earnings per share have been calculated using the net results attributable to shareholders of T.F. & J.H. Braime (Holdings) P.L.C. as the numerator.

The weighted average number of outstanding shares used for basic earnings per share amounted to 1,440,000 (2012 - 1,440,000). There are no potentially dilutive shares in issue.

**6 months  
to 30th  
June 2013  
£**

#### Dividends paid

Equity shares

Ordinary shares

Interim of 5.40p per share paid on 4th April 2013	25,920
'A' Ordinary shares	
Interim of 5.40p per share paid on 4th April 2013	51,840
<b>Total dividends paid</b>	<b>77,760</b>
	Year to 31st December 2012 £
<b>Dividends paid</b>	
Equity shares	
Ordinary shares	
Interim of 5.40p per share paid on 2nd April 2012	25,920
Interim of 2.40p per share paid on 10th October 2012	11,520
	37,440
'A' Ordinary shares	
Interim of 5.40p per share paid on 2nd April 2012	51,840
Interim of 2.40p per share paid on 10th October 2012	23,040
	74,880
<b>Total dividends paid</b>	<b>112,320</b>

### 3. Amendment to comparative figures

Following changes to IAS 19, defined benefit interest costs have been offset against the expected return on scheme assets disclosed within the consolidated income statement. As a consequence of this change in treatment the comparative figures for finance expenses and income have been reduced by the value of the defined benefit interest cost of £132,000.

### 4. Cash and cash equivalents

	Unaudited 6 months to 30th June 2013 £	Unaudited 6 months to 30th June 2012 £	Audited year to 31st December 2012 £
Cash at bank and in hand	637,041	1,972,761	1,576,283
Bank overdrafts	392,403	2,055,431	642,492
	<b>244,638</b>	<b>(82,670)</b>	<b>933,791</b>

### 5. Segmental information

Unaudited 6 months to 30th June 2013			
Central	Manufacturing	Distribution	Total
£	£	£	£

<b>Revenue</b>				
External	-	1,682,274	9,541,883	11,224,157
Inter company	20,000	1,306,284	1,300,717	2,627,001
<hr/>				
Total	20,000	2,988,558	10,842,600	13,851,158
<hr/>				
<b>Profit</b>				
EBITDA	(45,532)	112,694	609,976	677,138
Finance costs	(9,399)	(18,722)	(16,657)	(44,778)
Finance income	201	-	73	274
Depreciation	-	(167,697)	(73,558)	(241,255)
Tax expense	(5,200)	-	(120,041)	(125,241)
<hr/>				
(Loss)/profit for the period	(59,930)	(73,725)	399,793	266,138

<b>Assets</b>				
Total assets	1,214,383	2,232,335	9,125,793	12,572,511
Additions to non current assets	1,187,465	31,406	53,256	1,272,127
<b>Liabilities</b>				
Total liabilities	492,760	1,676,445	4,039,432	6,208,637

Unaudited 6 months to 30th June 2012

	Central £	Manufacturing £	Distribution £	Total £
<hr/>				
<b>Revenue</b>				
External	-	1,381,341	9,205,260	10,586,601
Inter company	31,074	1,511,451	857,751	2,400,276
<hr/>				
Total	31,074	2,892,792	10,063,011	12,986,877
<hr/>				
<b>Profit</b>				
EBITDA	(10,807)	(6,128)	530,903	513,968
Finance costs	(6,913)	(156,718)	(18,385)	(182,016)
Finance income	728	143,475	70	144,273
Depreciation	-	(173,700)	(44,373)	(218,073)
Tax expense	(11,227)	-	(67,894)	(79,121)
<hr/>				
(Loss)/profit for the period	(28,219)	(193,071)	400,321	179,031
<hr/>				
<b>Assets</b>				
Total assets	617,155	3,061,128	8,515,860	12,194,143
Additions to non current assets	-	317,486	185,611	503,097
<b>Liabilities</b>				
Total liabilities	463,698	2,513,622	3,194,117	6,171,437

Audited year to 31st December 2012

Central Manufacturing Distribution Total

	£	£	£	£
<b>Revenue</b>				
External	-	2,992,202	18,219,685	21,211,887
Inter company	51,390	3,339,322	2,300,456	5,691,168
<b>Total</b>	<b>51,390</b>	<b>6,331,524</b>	<b>20,520,141</b>	<b>26,903,055</b>
<b>Profit</b>				
EBITDA	(20,799)	253,679	896,659	1,129,539
Gain on sale of land & buildings	94,036	-	-	94,036
Finance costs	(11,302)	(49,488)	(40,751)	(101,541)
Finance income	1,105	19,505	116	20,726
Depreciation	-	(331,640)	(132,899)	(464,539)
Tax expense	(17,718)	-	(233,628)	(251,346)
<b>(Loss)/profit for the period</b>	<b>45,322</b>	<b>(107,944)</b>	<b>489,497</b>	<b>426,875</b>
<b>Assets</b>				
Total assets	625,569	2,250,827	7,823,750	10,700,146
Additions to non current assets	-	439,004	385,546	824,550
<b>Liabilities</b>				
Total liabilities	458,973	1,670,820	2,370,341	4,500,134

24th September 2013