

T.F. & J.H. BRAIME (HOLDINGS) P.L.C.
('Braime' or the 'company' and with it subsidiaries the 'group')

ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2013

At a meeting of the directors held today, the accounts for the year ended 31st December 2013 were submitted and approved by the directors. The preliminary accounts statement is as follows:

Chairman's statement

Performance of the group

Sales revenue increased in 2013 by 8.2% to £23.0 million, this improvement was seen evenly across both the metal presswork and material handling divisions. Profit from operations increased by 63.3% to £1.1 million. The principal reasons to this overall improvement were the controls over sales margins and careful monitoring of overhead expenses. Profit before tax increased by 49.0% to £1.0 million, this improvement was against a comparative which included a one off gain on the disposal of a property. Finance costs remained in line year on year despite the group increasing its net borrowings to finance key asset acquisitions during the period. Further commentary on the group's performance is provided in the group strategic report.

In view of this year's encouraging performance, the board has approved the payment, on 4th April 2014, of a second interim dividend of 6.20p (increased from 5.40p in 2013), making a total dividend for the tax year ending 5th April 2014 of 8.60p, compared to 7.80p in the previous year.

The board remains firmly committed to progressive increases in the dividend when justified by profitability and after taking into account the cash flow requirements of the group.

Group highlights

A number of significant steps were taken in 2013 which greatly strengthened the long term future of the group.

The transfer of our banking arrangements to HSBC was completed in February and has both reduced finance costs and strengthened our financial position.

As a result, the company was able to purchase our new, much larger, office and distribution facility in Morton, Illinois. This purchase was successfully completed in time to benefit from the "roll over" tax relief from the sale of our previous US premises in 2012.

A new ERP system was successfully implemented in our US and Australian business. As the group platform is rolled out around the group, we gain improved visibility, a reduction in IT costs and enhanced internal controls through the standardisation of processes.

4B USA also purchased the trade and assets of a US based manufacturing business. This has enabled the 4B division to strengthen its manufacturing capabilities.

Braime Pressings acquired £441,000 of plant and machinery which will significantly increase manufacturing capacity, much of it to produce product already coming on schedule. We also purchased two spray painting lines to widen our portfolio of services offered to customers.

125th anniversary

In 2013, we proudly celebrated the 125th anniversary of the company which was started in Hunslet, Leeds, in 1888 by T.F. (Tom Braime) who was later joined by his brother, J.H (Harry Braime). This culminated in a dinner dance for employees, customers and suppliers, which was held in the historic canteen, and was a very special event.

The past and the future of the business are based on the success of the partnership of these three groups and on the support of all our shareholders. The directors thank all of them for their continuing loyalty.

Employees

I am also delighted that in 2013, we were able to increase the number of our employees across the group, but particularly in Leeds. In difficult economic times we are pleased to be able to improve their long term job security. We are also proud to employ apprentices in our Leeds manufacturing business and hope these individuals will have a long and successful career in the group.

Outlook

The result in 2013, while below our long term objective, was positive when viewed against the weakness of economies worldwide. Additionally, the group successfully implemented some major projects and important investments, which have greatly strengthened the group.

Almost the entire sales of Braime Pressings are indirect exports to European markets. Additionally a very high proportion of the sales of the 4B division are sold directly to either Europe or to other export markets, so we are very dependent on the global economy. While the USA and the UK are now out of recession, other economies in Asia and, more particularly in Europe, remain very weak. To this situation, has been added political instability in the Middle East and now in Eastern Europe, Russia and its former satellite states. So these factors have to temper any over optimism.

Nevertheless, we believe that the group can build on the big strides it made in 2013 and make further progress in 2014.

Group strategic report

Principal activities and risks and uncertainties

The group comprises of two core segments; manufacture of deep drawn metal presswork, and the distribution of material handling components and monitoring equipment.

The metal presswork segment operates across several industries including the automotive sector. The market remains challenging due to pricing pressures throughout the supply chain. The achievement and retention of the TS16949 quality standard is important to the group as it allows us to access growing markets. If lost, this would adversely impact both existing and new business activity. A process of continual improvement in systems, process and review reduce this risk. Long term supply agreements are made with major customers. The company is exposed to medium to long term fluctuations in steel prices. In order to mitigate this volatility, the company fixes its prices with suppliers where possible.

The material handling components subsidiaries trade from six countries and export to over 50 countries. The division maintains its competitive edge in a price sensitive market through the provision of engineering expertise and by working closely with our suppliers to supply innovative components of the highest standard. In addition, ranges of complementary products are sold into different industries. These monitoring systems are developed and improved on a regular basis.

Exposure to customer credit risk is managed through a variety of methods; credit insurance, credit checking and the setting and monitoring of appropriate credit limits.

The group has a centralised treasury function which, through the use of forward contracts, hedges against foreign exchange differences arising on cash flows in currencies that differ to the operational entity's reporting currency.

The centralised treasury function also controls the group banking facilities, including all lines of funding. Liquidity risk is managed through the matching of short and long term funding to the needs of the business. Medium and long term cash flow projections are prepared and regularly monitored.

Further information on the group's financial liabilities and exposures are set out in note 16.

Our business model

The focus of the manufacturing business is to produce quality, technically demanding components. Using automated equipment this allows us to produce in high volumes, yet it also provides flexibility.

The material handling components business is located around the globe allowing us to be close to our core markets. The focus is to provide innovative solutions drawing on our expertise and broad product range.

The two segments are very different serving different markets, however together they add strength and balance to the group.

Performance of Braime Pressings Limited, manufacturer of deep drawn metal presswork

Sales of existing components increased and new work, that had been previously delayed, began to come on stream, and the result has improved significantly. In the middle of the year, the company made a substantial investment in plant. The installation of part of this investment has been completed and delivery of parts produced down these automated cells has already commenced.

Further new work has been won in 2014 and is scheduled to start in the next two months. The profitability of this company is forecast to improve further in the second half of this year.

The company has employed a new specialist maintenance manager, with considerable experience in the automotive sector. As well as being tasked to both install new plant and improve our level of preventative maintenance, he has begun major improvements aimed at improving our working environment and reducing our energy bills.

Performance of the 4B division, world wide distributor of components and monitoring systems for the material handling industry

The division continued to benefit from the year on year increase in sales and the profitability of our US subsidiary, 4B Components Limited. The relocation of 4B Components into a new and much larger facility will enable the continuing growth of this business, while the purchase of the trade and assets of a component manufacturer has helped to simplify our supply chain and enhance our manufacturing expertise.

Our UK based subsidiary, Braime Elevator Components Limited, had a successful year, particularly in export markets. The two newer subsidiaries in Australia and South Africa had reasonable years, although their results, once translated, were affected by the steep fall in the value of their local currencies.

In contrast our French subsidiary, 4B Setem, had a disappointing year due to the ongoing recession in Europe.

Taxation

The effective rate of tax is 25.6% (2012 - 37.1%). The reduction in the year is in part due to credits in relation to previous years. The effective rate is above the standard UK tax rate of 23% (2012 - 24%) due to the higher rates of tax incurred by the overseas subsidiaries.

Capital expenditure

Total capital expenditure on land and buildings and plant, machinery and equipment amounted to £2.2 million. The largest element of this was the purchase of the US facility for £1.3 million. Expenditure in the manufacturing business amounted to £441,000 and related to the expansion of the production capacity and range. Expenditure in the 4B division was £489,000 and primarily related to investments in manufacturing capacity and improvements to IT hardware and infrastructure.

Cash flow

Cash generated from operations was £938,000 (2012 - £1.90 million). Working capital requirements increased to support the higher activity levels with a marginal net increase in debtors compared to creditors but, more specifically, by an increase in inventory levels. The

investment in new fixed assets in 2013, including our new US office and distribution facility, plant machinery and vehicles, together totalled £2.2 million (2012 - £825,000). The company financed these investments by way of long term loans amounting to £1.1 million and by cash generated from operating activities. The group also repaid £142,000 of short term borrowings and repaid hire purchase borrowings of £241,000. At the year end the group held net cash of £76,000 (2012 - £934,000).

Bank facilities

The group's operating banking facilities are renewed annually. The new arrangements with HSBC provide significant headroom to the group and have allowed us to make key strategic investments in the year.

Balance sheet

Net assets of the group have increased to £6.70 million (2012 - £6.20 million). This increase is due to the strong profit performance in the year. A foreign exchange loss of £200,000 (2012 - £58,000) was recorded on the re-translation of the net assets of the overseas operations. The movement in the year was primarily due to the strengthening of pound sterling against the South African rand and the Australian dollar.

Key performance indicators

The group uses certain key performance indicators to assess the performance of the group as a whole and of the individual business. These financial KPIs comprise turnover growth, product margins and operating net profit as demonstrated in note 3 in the financial statements. Key balance sheet indicators such as inventory levels, inventory aging, stock turnover and debtor days are monitored monthly for both the group and individual entities.

Environment

The group's policy with regard to the environment is that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period of this report the group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Employees

The quality and commitment of our people has played a major role in our business success. This has been demonstrated in many ways, including improvements in customer satisfaction, the development of our product lines and the flexibility they have shown in adapting to changing business requirements. Employee performance is aligned to the achievement of goals set within each subsidiary and is rewarded accordingly. Employees are encouraged to use their skills to best effect and are offered training either externally or internally to achieve this.

Research and Development

The group continues to invest in research and development. This has resulted in improvements in the products which will benefit the group in the medium to long term.

Summarised Consolidated Income Statement for the year ended 31st December 2013 **(audited)**

	2013	2012
	£	£
Revenue	22,953,805	21,211,887
Changes in inventories of finished goods and work in progress	311,144	(23,484)
Raw materials and consumables used	(12,942,829)	(11,849,425)
Employee benefits costs	(5,021,454)	(4,587,039)
Depreciation expense	(520,945)	(464,539)

Other expenses	(3,704,402)	(3,628,799)
Profit from operations	1,075,319	658,601
Profit on disposal of tangible fixed assets	32,551	100,435
Finance costs	(100,967)	(101,541)
Finance income	3,330	20,726
Profit before tax	1,010,233	678,221
Tax expense	(258,167)	(251,346)
Profit for the year attributable to equity shareholders of the parent company	752,066	426,875
Basic and diluted earnings per share	52.23p	29.64p

Summarised Consolidated Statement of Comprehensive Income for the year ended 31st December 2013 (audited)

	2013 £	2012 £
Profit for the year	752,066	426,875
Items that will not be reclassified subsequently to profit or loss		
Remeasurement gain/(loss) on post employment benefits	6,000	(7,000)
Adjustment in respect of minimum funding requirement per IFRIC14	25,000	10,000
Items that may be reclassified subsequently to profit or loss		
Foreign exchange losses on re-translation of overseas operations	(199,729)	(57,608)
Other comprehensive income for the year	(168,729)	(54,608)
Total comprehensive income for the year	583,337	372,267

Summarised Consolidated Balance Sheet at 31st December 2013 (audited)

	2013 £	2013 £	2012 £	2012 £
Assets				
Non-current assets				
Property, plant and equipment	3,119,378		1,504,575	
Goodwill	12,270		12,270	
Total non-current assets		3,131,648		1,516,845
Current assets				
Inventories	4,819,200		4,387,303	
Trade and other receivables	3,948,734		3,219,715	
Cash and cash equivalents	567,226		1,576,283	
Total current assets		9,335,160		9,183,301

Total assets	12,466,808	10,700,146
Liabilities		
Current liabilities		
Bank overdraft	490,944	642,492
Trade and other payables	3,146,004	2,478,283
Other financial liabilities	828,414	863,922
Corporation tax liability	43,494	-
Total current liabilities	4,508,856	3,984,697
Non-current liabilities		
Financial liabilities	1,170,923	515,437
Deferred income tax liability	116,000	-
Total non-current liabilities	1,286,923	515,437
Total liabilities	5,795,779	4,500,134
Total net assets	6,671,029	6,200,012

Capital and reserves attributable to equity holders of the parent company

Share capital	360,000	360,000
Capital reserve	77,319	77,319
Foreign exchange reserve	77,422	277,151
Retained earnings	6,156,288	5,485,542
Total equity	6,671,029	6,200,012

Summarised Consolidated Cash Flow Statement for the year ended 31st December 2013
(audited)

	2013	2013	2012	2012
	£	£	£	£
Operating activities				
Net profit		752,066		426,875
Adjustments for:				
Depreciation	520,945		464,539	
Grants amortised	(1,656)		(1,656)	
Non-cash operating charges	56,000		-	
Foreign exchange losses	(186,189)		(53,182)	
Finance income	(3,330)		(20,726)	
Finance expense	100,967		101,541	
Gain on sale of land and buildings, plant, machinery and motor vehicles	(32,551)		(100,435)	
Adjustment in respect of defined benefits scheme	34,000		21,000	
Income tax expense	258,167		251,346	
		746,353		662,427
Operating profit before changes in working capital and provisions		1,498,419		1,089,302
(Increase)/decrease in trade and other receivables	(718,157)		363,898	
(Increase)/decrease in inventories	(431,897)		14,430	

Increase in trade and other payables	590,038	444,808	
		(560,016)	823,136
Cash generated from operations		938,403	1,912,438
Income taxes paid		(109,535)	(441,784)
Investing activities			
Purchases of property, plant, machinery and motor vehicles	(2,205,287)	(483,734)	
Sale of land and buildings, plant, machinery and motor vehicles	32,551	378,440	
Interest received	330	2,726	
		(2,172,406)	(102,568)
Financing activities			
Proceeds from long term borrowings	1,081,989	-	
Repayment of borrowings	(141,574)	(247,065)	
Repayment of hire purchase creditors	(241,099)	(234,076)	
Interest paid	(100,967)	(101,541)	
Dividends paid	(112,320)	(112,320)	
		486,029	(695,002)
(Decrease)/increase in cash and cash equivalents		(857,509)	673,084
Cash and cash equivalents, beginning of period		933,791	260,707
Cash and cash equivalents, end of period		76,282	933,791

Consolidated statement of changes in equity for the year ended 31st December 2013 audited)

	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
Balance at 1st January 2012	360,000	77,319	334,759	5,167,987	5,940,065
Comprehensive income					
Profit	-	-	-	426,875	426,875
Other comprehensive income					
Remeasurement losses recognised directly in equity	-	-	-	(7,000)	(7,000)
Foreign exchange losses 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
Transactions with owners					
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
	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
Comprehensive income					
Profit	-	-	-	752,066	752,066
Other comprehensive income					
Remeasurement gain recognised directly in equity	-	-	-	6,000	6,000
Foreign exchange losses on re- translation of overseas operations	-	-	(199,729)	-	(199,729)
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	25,000	25,000
Total other comprehensive income	-	-	(199,729)	31,000	(168,729)
Total comprehensive income			(199,729)	783,066	583,337
Transactions with owners					
Dividends	-	-	-	(112,320)	(112,320)
Total transactions with owners	-	-	-	(112,320)	(112,320)
Balance at 31st December 2013	360,000	77,319	77,422	6,156,288	6,671,029

Notes

1. 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.

Dividends paid	2013	2012
	£	£
Equity shares		
Ordinary shares		
Interim of 5.40p (2012 - 5.40p) per share paid on 4th April 2013	25,920	25,920
Interim of 2.40p (2012 - 2.40p) per share paid on 9th October 2013	11,520	11,520
	37,440	37,440
'A' Ordinary shares		
Interim of 5.40p (2012 - 5.40p) per share paid on 4th April 2013	51,840	51,840
Interim of 2.40p (2012 - 2.40p) per share paid on 9th October 2013	23,040	23,040
	74,880	74,880
Total dividends paid	112,320	112,320

2. Cash and cash equivalents	2013	2012
	£	£
Cash at bank and in hand	567,226	1,576,283
Bank overdrafts	490,944	642,492
	76,282	933,791

3. Major non-cash transaction

During the year the group did not acquire any tangible assets subject to finance (2012 - £340,816) under hire purchase agreements.

4. Segmental information

	Central 2013 £	Manufacturing 2013 £	Distribution 2013 £	Total 2013 £
Revenue				
External	-	3,010,216	19,943,589	22,953,805
Inter company	74,866	2,976,179	3,422,562	6,473,607
Total	74,866	5,986,395	23,366,151	29,427,412
Profit				
EBITDA	(40,251)	387,263	1,249,252	1,596,264
Gain on sale of tangible fixed assets	-	20,239	12,312	32,551
Finance costs	(24,848)	(40,703)	(35,416)	(100,967)
Finance income	201	3,000	129	3,330
Depreciation	(3,675)	(343,184)	(174,086)	(520,945)
Tax expense	(15,690)	250,339	(492,816)	(258,167)
(Loss)/profit for the period	(84,263)	276,954	559,375	752,066
Assets				
Total assets	1,283,313	2,329,357	8,854,138	12,466,808
Additions to non current assets	1,274,526	441,571	489,190	2,205,287
Liabilities				
Total liabilities	395,378	1,541,182	3,859,219	5,795,779
	Central 2012 £	Manufacturing 2012 £	Distribution 2012 £	Total 2012 £
Revenue				
External	-	2,992,202	18,219,685	21,211,887
Inter company	51,390	3,339,322	2,300,456	5,691,168
Total	51,390	6,331,524	20,520,141	26,903,055
Profit				
EBITDA	(20,799)	253,679	896,659	1,129,539
Gain on sale of land and 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)
Profit/(loss) for the period	45,322	(107,944)	489,497	426,875
Assets				
Total assets	625,569	2,250,827	7,823,750	10,700,146
Additions to non current assets	-	439,004	385,546	824,550

Liabilities

Total liabilities	458,973	1,670,920	2,370,341	4,500,134
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5. Basis of preparation

The preliminary announcement has been prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2013, as described in those annual financial statements.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention.

6. Annual general meeting

The annual general meeting of the company will be held in Leeds on 16th May 2014. Full details will be included in the published annual report and financial statements, which will be sent to shareholders by the 22nd April 2014 and will also be available on the company's web-site (www.brainmegroup.com) from that date.

7. Preliminary statement

The financial statements set out in the preliminary announcement do not constitute statutory accounts as defined by section 434 of the Companies Act 2006. The financial information for the year ended 31st December 2013 has been extracted from the group's financial statements upon which the auditor's opinion is unqualified, does not include reference to any matters to which they wish to draw attention by way of emphasis without qualifying their report, and does not include any statement under section 498 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2012 have been delivered to the Registrar of Companies, and those for 2013 will be delivered in due course.

8. Events after the reporting year

There were no events after the balance sheet date that would require disclosure in accordance with IAS10, "Events after the reporting period".

27th March 2014

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