

**INTERIM REPORT**

**FOR THE SIX MONTHS ENDED**

**30TH JUNE 2014**

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

## Management commentary

For the six months ended 30th June 2014

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### Performance

Group sales revenue for the first six months of 2014 rose by 7.7% to £12,088,000 (2013 - £11, 224,000).

Profit before tax increased more substantially to £513,000 (2013 - £391,000), and profit after tax to £364,000 (2013 - £266,000). This improved performance was achieved against the background of a subdued global economy.

### Dividends

The directors have decided to increase the next interim dividend from 2.40p in 2013 to 2.90p per share. This dividend will be paid on 17th October 2014 to the Ordinary and `A` Ordinary shareholders on the register on 3rd October 2014. The associated ex-dividend date will be 1st October 2014.

The decision to increase the dividend reflects the improvement in performance but the decision on the level of increase has been made to restore a better balance between the first and second interim dividends. It should not be taken as any indication that the second interim may be increased by a similar percentage.

### Braime Pressings Limited

The performance of our manufacturing business continues to improve but at a slower rate than hoped. Most of the recent large investments in capital equipment have been commissioned and those that remain should be completed by the end of the current year. The challenge remains to fully capitalise on those investments and to achieve the necessary on going improvements in efficiency and profitability.

### 4B Division

Our distribution companies have enjoyed a positive start to the year. However, the rise in the value of Sterling has increased both the purchase cost in local currency of those products our subsidiaries import from the UK and reduces the value of the profits made when the subsidiary`s profits are translated back into Sterling for consolidation in the group accounts. This situation highlights the dependence of the group on exports which brings both considerable benefits – but also challenges.

### Cash and Investments

The company was cash negative, using £194,000 more than it generated in the first six months. Inventories increased by £293,000, 6.1%, roughly in line with the increase in revenue, and there was a small increase in the difference between our trade assets and our liabilities needed to finance the higher sales revenue.

However, the main reason for the company being cash negative was the investment of £264,000, largely in machinery & equipment. The company continues its policy of investing in our production facilities in order to increase both the capacity and services we can offer to our customers and to improve the efficiency of our operations.

The director`s believe that the group has a strong financial position, access to borrowing facilities, where required for capital investment, and has the full support of our bankers for this policy.

### Outlook

The directors believe that the trend of the past six months will continue in the second half of the year. The main concern currently is over the exchange rate and the effect this may have on the final result for the year. The exchange rates with our main markets is something over which we have no control, although the group takes steps to mitigate against the short term effects on our results as well as trying to reduce any long term negative impacts on our business.

**T.F. & J.H. Braime (Holdings) P.L.C.****Consolidated income statement****Interim results****For the six months ended 30th June 2014**

	Note	Unaudited 6 months to 30th June 2014 £	Unaudited 6 months to 30th June 2013 £	Audited year to 31st December 2013 £
<b>Revenue</b>		<b>12,088,143</b>	11,224,157	22,953,805
Changes in inventories of finished goods and work in progress		329,014	356,006	311,144
Raw materials and consumables used		(7,087,247)	(6,760,517)	(12,942,829)
Employee benefits costs		(2,481,461)	(2,423,752)	(5,021,454)
Depreciation expense		(238,243)	(241,255)	(520,945)
Other expenses		(2,041,763)	(1,731,995)	(3,704,402)
<b>Profit from operations</b>		<b>568,443</b>	422,644	1,075,319
Profit on disposal of tangible fixed assets		-	13,239	32,551
Finance costs		(55,632)	(44,778)	(100,967)
Finance income		43	274	3,330
<b>Profit before tax</b>		<b>512,854</b>	391,379	1,010,233
Tax expense		(149,241)	(125,241)	(258,167)
<b>Profit for the year attributable to equity shareholders of the parent company</b>		<b>363,613</b>	266,138	752,066
<b>Basic and diluted earnings per share</b>	2	<b>25.25p</b>	18.48p	52.23p

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

**Consolidated statement of comprehensive income**

**For the six months ended 30th June 2014**

	<b>Unaudited 6 months to 30th June 2014 £</b>	<b>Unaudited 6 months to 30th June 2013 £</b>	<b>Audited year to 31st December 2013 £</b>
Profit for the period	<b>363,613</b>	266,138	752,066
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement gain on post employment benefits	-	-	6,000
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	25,000
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange losses on re-translation of overseas operations	<b>(26,226)</b>	(24,516)	(199,729)
Other comprehensive income for the period	<b>(26,226)</b>	(24,516)	(168,729)
<b>Total comprehensive income for the period</b>	<b>337,387</b>	241,622	583,337

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

Consolidated balance sheet

At 30th June 2014

	Unaudited 6 months to 30th June 2014 £	Unaudited 6 months to 30th June 2013 £	Audited year to 31st December 2013 £
<b>Non-current assets</b>			
Property, plant and equipment	3,142,566	2,531,097	3,119,378
Goodwill	12,270	12,270	12,270
<b>Total non-current assets</b>	<b>3,154,836</b>	<b>2,543,367</b>	<b>3,131,648</b>
<b>Current assets</b>			
Inventories	5,112,346	4,794,271	4,819,200
Trade and other receivables	5,017,522	4,597,832	3,948,734
Cash and cash equivalents	720,100	637,041	567,226
<b>Total current assets</b>	<b>10,849,968</b>	<b>10,029,144</b>	<b>9,335,160</b>
<b>Total assets</b>	<b>14,004,804</b>	<b>12,572,511</b>	<b>12,466,808</b>
<b>Current liabilities</b>			
Bank overdraft	837,994	392,403	490,944
Trade and other payables	3,662,158	3,221,111	3,146,004
Other financial liabilities	1,241,095	1,285,701	828,414
Corporation tax liability	190,588	119,714	43,494
<b>Total current liabilities</b>	<b>5,931,835</b>	<b>5,018,929</b>	<b>4,508,856</b>
<b>Non-current liabilities</b>			
Financial liabilities	1,037,833	1,189,708	1,170,923
Deferred income tax liability	116,000	-	116,000
<b>Total non-current liabilities</b>	<b>1,153,833</b>	<b>1,189,708</b>	<b>1,286,923</b>
<b>Total liabilities</b>	<b>7,085,668</b>	<b>6,208,637</b>	<b>5,795,779</b>
<b>Total net assets</b>	<b>6,919,136</b>	<b>6,363,874</b>	<b>6,671,029</b>
<b>Capital and reserves</b>			
Share capital	360,000	360,000	360,000
Capital reserve	77,319	77,319	77,319
Foreign exchange reserve	51,196	252,635	77,422
Retained earnings	6,430,621	5,673,920	6,156,288
<b>Total equity attributable to equity shareholders of the company</b>	<b>6,919,136</b>	<b>6,363,874</b>	<b>6,671,029</b>

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

Consolidated cash flow statement

For the six months ended 30th June 2014

	Note	Unaudited 6 months to 30th June 2014 £	Unaudited 6 months to 30th June 2013 £	Audited year to 31st December 2013 £
<b>Operating activities</b>				
Net profit from ordinary activities		363,613	266,137	752,066
Adjustments for:				
Depreciation		238,243	241,255	520,945
Grants amortised		(828)	(828)	(1,656)
Non-cash operating charges		-	-	56,000
Foreign exchange losses		(24,057)	(30,871)	(186,189)
Finance income		(43)	(274)	(3,330)
Finance expense		55,632	44,778	100,967
Gain on sale of plant and equipment		-	(13,239)	(32,551)
Adjustment in respect of defined benefit scheme		-	-	34,000
Income tax expense		149,241	125,241	258,167
<b>Operating profit before changes in working capital and provisions</b>		<b>781,801</b>	<b>632,199</b>	<b>1,498,419</b>
Increase in trade and other receivables		(1,066,255)	(1,378,117)	(718,157)
Increase in inventories		(293,146)	(406,968)	(431,897)
Increase in trade and other payables		991,247	1,084,954	590,038
		<b>(368,154)</b>	<b>(700,131)</b>	<b>(560,016)</b>
<b>Cash generated from operations</b>		<b>413,647</b>	<b>(67,932)</b>	<b>938,403</b>
Income taxes paid		(4,680)	(5,527)	(109,535)
<b>Investing activities</b>				
Purchases of property, plant, machinery and motor vehicles		(263,599)	(1,272,127)	(2,205,287)
Sale of land and buildings, plant, machinery and motor vehicles		-	13,239	32,551
Interest received		43	274	330
		<b>(263,556)</b>	<b>(1,258,614)</b>	<b>(2,172,406)</b>
<b>Financing activities</b>				
Proceeds from long term borrowings		-	890,443	1,081,989
Repayment of borrowings		(91,348)	(6,782)	(141,574)
Repayment of hire purchase creditors		(103,327)	(118,203)	(241,099)
Interest paid		(55,632)	(44,778)	(100,967)
Dividend paid		(89,280)	(77,760)	(112,320)
		<b>(339,587)</b>	<b>642,920</b>	<b>486,029</b>
Decrease in cash and cash equivalents		(194,176)	(689,153)	(857,509)
Cash and cash equivalents (including overdrafts), beginning of period		76,282	933,791	933,791
<b>Cash and cash equivalents (including overdrafts), end of period</b>	<b>3</b>	<b>(117,894)</b>	<b>244,638</b>	<b>76,282</b>

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

**Consolidated statement of changes in equity**

**For the six months ended 30th June 2014**

	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
Balance at 1st January 2014	360,000	77,319	77,422	6,156,288	6,671,029
<b>Comprehensive income</b>					
Profit	-	-	-	363,613	363,613
<b>Other comprehensive income</b>					
Remeasurement gain recognised directly in equity	-	-	-	-	-
Foreign exchange losses on re- translation of overseas operations	-	-	(26,226)	-	(26,226)
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	-	-
Total other comprehensive income	-	-	(26,226)	-	(26,226)
Total comprehensive income	-	-	(26,226)	363,613	337,387
<b>Transaction with owners</b>					
Dividends	-	-	-	(89,280)	(89,280)
Total transactions with owners	-	-	-	(89,280)	(89,280)
Balance at 30th June 2014	360,000	77,319	51,196	6,430,621	6,919,136
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>					
Remeasurement gain 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

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

**Consolidated statement of changes in equity - continued**

**For the six months ended 30th June 2014**

	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	-	-	-	752,066	752,066
<b>Other comprehensive income</b>					
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
<b>Transaction with owners</b>					
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



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

## Notes to the interim financial report

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### 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 2013 and those which management expects to apply in the group's full financial statements to 31st December 2014.

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 2013 but is derived from the accounts. Statutory accounts for the period ended 31st December 2013 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 2013, 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 (2013 - 1,440,000). There are no potentially dilutive shares in issue.

6 months to  
30th June  
2014  
£

#### Dividends paid

Equity shares

Ordinary shares

Interim of 6.20p per share paid on 4th April 2014

29,760

'A' Ordinary shares

Interim of 6.20p per share paid on 4th April 2014

59,520

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#### Total dividends paid

89,280

Year to 31st  
December  
2013  
£

#### Dividends paid

Equity shares

Ordinary shares

Interim of 5.40p per share paid on 4th April 2013

25,920

Interim of 2.40p per share paid on 9th October 2013

11,520

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37,440

'A' Ordinary shares

Interim of 5.40p per share paid on 4th April 2013

51,840

Interim of 2.40p per share paid on 9th October 2013

23,040

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74,880

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#### Total dividends paid

112,320

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

Notes to the interim financial report - continued

3. Cash and cash equivalents

	Unaudited 6 months to 30th June 2014 £	Unaudited 6 months to 30th June 2013 £	Audited year to 31st December 2013 £
Cash at bank and in hand	720,100	637,041	567,226
Bank overdrafts	837,994	392,403	490,944
	<b>(117,894)</b>	244,638	76,282

4. Segmental information

	Unaudited 6 months to 30th June 2014			
	Central £	Manufacturing £	Distribution £	Total £
<b>Revenue</b>				
External	-	1,760,143	10,328,000	12,088,143
Inter company	55,443	1,211,576	1,337,345	2,604,364
<b>Total</b>	55,443	2,971,719	11,665,345	14,692,507
<b>Profit</b>				
EBITDA	3,333	98,662	704,691	806,686
Finance costs	(14,542)	(22,774)	(18,316)	(55,632)
Finance income	-	-	43	43
Depreciation	(3,150)	(116,598)	(118,495)	(238,243)
Tax expense	(15,750)	-	(133,491)	(149,241)
<b>(Loss)/profit for the period</b>	<b>(30,109)</b>	<b>(40,710)</b>	<b>434,432</b>	<b>363,613</b>
<b>Assets</b>				
Total assets	1,298,767	3,194,579	9,511,458	14,004,804
Additions to non current assets	-	217,330	46,269	263,599
<b>Liabilities</b>				
Total liabilities	552,846	2,348,710	4,184,111	7,085,667

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

**Notes to the interim financial report - continued**

**4. Segmental information - continued**

	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
<b>Total</b>	<b>20,000</b>	<b>2,988,558</b>	<b>10,842,600</b>	<b>13,851,158</b>
<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)
<b>(Loss)/profit for the period</b>	<b>(59,930)</b>	<b>(73,725)</b>	<b>399,793</b>	<b>266,138</b>
<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
	Audited year to 31st December 2013			
	Central £	Manufacturing £	Distribution £	Total £
<b>Revenue</b>				
External	-	3,010,216	19,943,589	22,953,805
Inter company	74,866	2,976,179	3,422,562	6,473,607
<b>Total</b>	<b>74,866</b>	<b>5,986,395</b>	<b>23,366,151</b>	<b>29,427,412</b>
<b>Profit</b>				
EBITDA	(40,251)	387,263	1,249,252	1,596,264
Gain on sale of land & buildings	-	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)
<b>(Loss)/profit for the period</b>	<b>(84,263)</b>	<b>276,954</b>	<b>559,375</b>	<b>752,066</b>
<b>Assets</b>				
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
<b>Liabilities</b>				
Total liabilities	395,378	1,541,182	3,859,219	5,795,779

24th September 2013

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

### **Contact details**

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