

**T.F. & J.H. BRAIME (HOLDINGS) P.L.C.**

**INTERIM REPORT**

**FOR THE SIX MONTHS ENDED**

**30TH JUNE 2018**

## Management commentary

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### Performance

Performance for the first half of the year is very positive. Group sales revenue for the first six months of 2018 increased by 16% to £18.07M compared to £15.54M for the same period in 2017, while profit before tax increased by 96% to £1.16M from £0.59M for the same period.

### Dividends

On the basis of the positive results, the directors have decided to increase the interim dividend to 3.50p per share. This dividend will be paid on 19th October to the Ordinary and 'A' Ordinary shareholders on the register on the 5th October 2018. The associated ex-dividend date is 4th October 2018.

### Braime Pressings Limited

External sales increased by 31% compared to the same period. Significant work has been undertaken to review costs. Compared to 2018, the first half of 2017 saw Braime Pressings bear a number of central costs which have now been reallocated.

### 4B division

Overall the subsidiaries in the material handling division have performed very well in the first half of 2018, with sales up by 14% and margins maintained. In particular, we are seeing significant growth in the Australasia market. We have very recently opened a new subsidiary, 4B China, based in Changzhou Province, to expand and support our sales in the region. The new subsidiary will take time before it makes a positive contribution to the group financially, but we believe it will provide significant long-term growth.

### Cash flow

Net profit improved by £0.41M on the same period for 2017. The group also benefitted from foreign exchange movement and from better control of working capital, resulting in cash flow from operations of £0.99M, an improvement of £1.18M when compared to the same period in 2017. The group has invested this back into operations, primarily in new manufacturing facilities in Morton, USA our largest subsidiary, and in new presses for Braime Pressings. The group is committed to some substantial investment and cash flow is expected to become tighter in the second half of the year. The group continues to operate within its bank facility agreed with HSBC.

As the business continues to expand, the directors remain focused in ensuring that working capital requirements, particularly for stock, are carefully monitored and controlled.

### Forecast for the second half of 2018

The group is ahead of both last year and budget and we would expect the result for the full year to be ahead of 2017. However, our group, with so much of its earnings coming from overseas, is always exposed to the unpredictable fluctuations in global exchange rates and to changes in the political and economic conditions in individual markets. Depending on the form Brexit finally takes, as a major exporter, the actual event is likely to cause some degree of short-term disruption. However, given that the majority of our sales presence, and continuing growth is already outside the EU, we believe the long-term effects are unlikely to be significant for the group.

## Consolidated income statement For the six months ended 30th June 2018

	Note	Unaudited 6 months to 30th June 2018 £'000	Unaudited 6 months to 30th June 2017 £'000	Audited year to 31st December 2017 £'000
<b>Revenue</b>		<b>18,069</b>	15,540	31,449
Changes in inventories of finished goods and work in progress		558	(36)	114
Raw materials and consumables used		(10,332)	(8,414)	(16,955)
Employee benefits costs		(3,287)	(3,637)	(7,449)
Depreciation expense		(305)	(369)	(803)
Other expenses		(3,522)	(2,426)	(4,015)
<b>Profit from operations</b>		<b>1,181</b>	658	2,341
Finance costs		(19)	(68)	(143)
Finance income		-	2	3
<b>Profit before tax</b>		<b>1,162</b>	592	2,201
Tax expense		(340)	(179)	(621)
<b>Profit for the period</b>		<b>822</b>	413	1,580
<b>Profit attributable to :</b>				
Owners of the parent		830	448	1,719
Non-controlling interests		(8)	(35)	(139)
		<b>822</b>	413	1,580
<b>Basic and diluted earnings per share</b>	2	<b>57.08p</b>	28.72p	109.73p

## Consolidated statement of comprehensive income For the six months ended 30th June 2018

	<b>Unaudited 6 months to 30th June 2018 £'000</b>	Unaudited 6 months to 30th June 2017 £'000	Audited year to 31st December 2017 £'000
Profit for the period	<b>822</b>	413	1,580
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net pension remeasurement gain on post employment benefits	-	-	45
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange (losses)/gains on re-translation of overseas operations	<b>85</b>	(167)	(472)
Other comprehensive income for the period	<b>85</b>	(167)	(427)
<b>Total comprehensive income for the period</b>	<b>907</b>	246	1,153
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	<b>918</b>	281	1,299
Non-controlling interests	<b>(11)</b>	(35)	(146)
	<b>907</b>	246	1,153

The foreign currency movements arise on the re-translation of overseas subsidiaries' opening balance sheets at closing rates.

## Consolidated balance sheet At 30th June 2018

	Unaudited 6 months to 30th June 2018 £	Unaudited 6 months to 30th June 2017 £	Audited year to 31st December 2017 £
<b>Non-current assets</b>			
Property, plant and equipment	5,921	5,233	5,238
Intangible assets	71	12	58
<b>Total non-current assets</b>	<b>5,992</b>	<b>5,245</b>	<b>5,296</b>
<b>Current assets</b>			
Inventories	6,989	6,383	6,431
Trade and other receivables	7,512	6,506	5,911
Cash and cash equivalents	938	14	1,145
<b>Total current assets</b>	<b>15,439</b>	<b>12,903</b>	<b>13,487</b>
<b>Total assets</b>	<b>21,431</b>	<b>18,148</b>	<b>18,783</b>
<b>Current liabilities</b>			
Bank overdraft	-	-	164
Trade and other payables	5,847	4,706	4,391
Other financial liabilities	3,363	1,953	1,983
Corporation tax liability	331	52	195
<b>Total current liabilities</b>	<b>9,541</b>	<b>6,711</b>	<b>6,733</b>
<b>Non-current liabilities</b>			
Financial liabilities	39	1,206	988
Deferred income tax liability	71	118	87
<b>Total non-current liabilities</b>	<b>110</b>	<b>1,324</b>	<b>1,075</b>
<b>Total liabilities</b>	<b>9,651</b>	<b>8,035</b>	<b>7,808</b>
<b>Total net assets</b>	<b>11,780</b>	<b>10,113</b>	<b>10,975</b>
<b>Capital and reserves</b>			
Share capital	360	360	360
Capital reserve	257	257	257
Foreign exchange reserve	162	372	74
Retained earnings	11,361	9,362	10,633
<b>Total equity attributable to the shareholders of the parent company</b>	<b>12,140</b>	<b>10,351</b>	<b>11,324</b>
Non-controlling interests	(360)	(238)	(349)
<b>Total equity</b>	<b>11,780</b>	<b>10,113</b>	<b>10,975</b>

## Consolidated cash flow statement For the six months ended 30th June 2018

	Note	Unaudited 6 months to 30th June 2018 £'000	Unaudited 6 months to 30th June 2017 £'000	Audited year to 31st December 2017 £'000
<b>Operating activities</b>				
Net profit		822	413	1,580
Adjustments for:				
Depreciation		305	369	803
Foreign exchange gains/( losses)		61	(167)	(443)
Finance income		-	(2)	(3)
Finance expense		19	68	143
Gain on sale of plant, machinery and motor vehicles		-	-	4
Adjustment in respect of defined benefit scheme		-	-	45
Income tax expense		340	179	621
Income taxes paid		(216)	(273)	(617)
<b>Operating activities before changes in working capital and provisions</b>		<b>1,331</b>	<b>587</b>	<b>2,133</b>
Increase in trade and other receivables		(1,602)	(1,293)	(698)
Increase in inventories		(558)	(264)	(312)
Increase in trade and other payables		1,817	780	356
		(343)	(777)	(654)
<b>Cash generated from operations</b>		<b>988</b>	<b>(190)</b>	<b>1,479</b>
<b>Investing activities</b>				
Purchases of property, plant, machinery and motor vehicles		(990)	(127)	(618)
Sale of plant, machinery and motor vehicles		10	-	14
Interest received		-	2	3
		(980)	(125)	(601)
<b>Financing activities</b>				
Proceeds from long term borrowings		-	-	165
Loan financing repaid		-	52	52
Repayment of borrowings		254	(172)	(329)
Repayment of hire purchase creditors		(184)	(133)	(247)
Interest paid		(19)	(68)	(143)
Dividends paid		(102)	(92)	(137)
		(51)	(413)	(639)
Decrease in cash and cash equivalents		(43)	(728)	239
Cash and cash equivalents, beginning of period		981	742	742
<b>Cash and cash equivalents (including overdrafts), end of period</b>	<b>3</b>	<b>938</b>	<b>14</b>	<b>981</b>

## Consolidated statement of changes in equity For the six months ended 30th June 2018

	Share Capital £'000	Capital Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000	Minority Interests £'000	Total Equity £'000
Balance at 1st January 2018	360	257	74	10,633	11,324	(349)	10,975
<b>Comprehensive income</b>							
Profit	-	-	-	830	830	(8)	822
<b>Other comprehensive income</b>							
Foreign exchange losses on re- translation of overseas operations	-	-	88	-	88	(3)	85
Total other comprehensive income	-	-	88	-	88	(3)	85
Total comprehensive income	-	-	88	830	918	(11)	907
<b>Transactions with owners</b>							
Dividends	-	-	-	(102)	(102)	-	(102)
Total transactions with owners	-	-	-	(102)	(102)	-	(102)
Balance at 30th June 2018	360	257	162	11,361	12,140	(360)	11,780

**Consolidated statement of changes in equity (continued)**  
**Comparative for the six months ended 30th June 2017**

	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £	Minority Interests £	Total Equity £
Balance at 1st January 2017	360	257	539	9,006	10,162	(203)	9,959
<b>Comprehensive income</b>							
Profit	-	-	-	448	448	(35)	413
<b>Other comprehensive income</b>							
Foreign exchange losses on re- translation of overseas operations	-	-	(167)	-	(167)	-	(167)
Total other comprehensive income	-	-	(167)	-	(167)	-	(167)
Total comprehensive income	-	-	(167)	448	281	(35)	246
<b>Transactions with owners</b>							
Dividends	-	-	-	(92)	(92)	-	(92)
Total transactions with owners	-	-	-	(92)	(92)	-	(92)
Balance at 30th June 2017	360	257	372	9,362	10,351	(238)	10,113



## Consolidated statement of changes in equity

### Comparative for the year ended 31st December 2017

	Share Capital £'000	Capital Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000	Minority Interests £'000	Total Equity £'000
Balance at 1st January 2017	360	257	539	9,006	10,162	(203)	9,959
<b>Comprehensive income</b>							
Profit	-	-	-	1,719	1,719	(139)	1,580
<b>Other comprehensive income</b>							
Net pension remeasurement gain recognised directly in equity	-	-	-	45	45	-	45
Foreign exchange gains on re- translation of overseas operations	-	-	(465)	-	(465)	(7)	(472)
Total other comprehensive income	-	-	(465)	45	(420)	(7)	(427)
Total comprehensive income	-	-	(465)	1,764	1,299	(146)	1,153
<b>Transactions with owners</b>							
Dividends	-	-	-	(137)	(137)	-	(137)
Total transactions With owners	-	-	-	(137)	(137)	-	(137)
Balance at 31st December 2017	360	257	74	10,633	11,324	(349)	10,975

## 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 2017 and those which management expects to apply in the group's full financial statements to 31st December 2018.

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 2017 but is derived from the accounts. Statutory accounts for the period ended 31st December 2017 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 2017, 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 (2017 – 1,440,000). There are no potentially dilutive shares in issue.

	6 months to 30th June 2018 £'000
<b>Dividends paid on equity shares</b>	
Ordinary shares	
Interim of 7.10p per share paid on 18th May 2018	34
'A' Ordinary shares	
Interim of 7.10p per share paid on 18th May 2018	68
<b>Total dividends paid</b>	<b>102</b>
	Year to 31st December 2017 £
<b>Dividends paid on equity shares</b>	
Ordinary shares	
Interim of 6.40p per share paid on 12th May 2017	31
Interim of 3.10p per share paid on 20th October 2017	15
	46
'A' Ordinary shares	
Interim of 6.40p per share paid on 12th May 2017	61
Interim of 3.10p per share paid on 20th October 2017	30
	91
<b>Total dividends paid</b>	<b>137</b>

## Notes to the interim financial report (continued)

### 3. Cash and cash equivalents

	Unaudited 6 months to 30th June 2018 £'000	Unaudited 6 months to 30th June 2017 £'000	Audited year to 31st December 2017 £'000
Cash at bank and in hand	3,834	14	1,145
Bank overdrafts	(2,896)	-	(164)
	<b>938</b>	<b>14</b>	<b>981</b>

### 4. Segmental information

	Central £'000	Manufacturing £'000	Distribution £'000	Total £'000
<b>Unaudited 6 months to 30th June 2018</b>				
<b>Revenue</b>				
External	-	2,641	15,428	18,069
Inter company	347	1,589	2,269	4,205
<b>Total</b>	<b>347</b>	<b>4,230</b>	<b>17,697</b>	<b>22,274</b>
<b>Profit</b>				
EBITDA	(1)	76	1,411	1,486
Finance costs	(38)	(14)	33	(19)
Finance income	-	-	-	-
Depreciation	(228)	-	(77)	(305)
Tax expense	-	-	(340)	(340)
<b>(Loss)/profit for the period</b>	<b>(267)</b>	<b>62</b>	<b>1,027</b>	<b>822</b>
<b>Assets</b>				
Total assets	4,789	2,331	14,311	21,431
Additions to non current assets	211	-	769	980
<b>Liabilities</b>				
Total liabilities	2,826	3,653	3,172	9,651

## Notes to the interim financial report (continued)

### 4. Segmental information – continued

	Unaudited 6 months to 30th June 2017			
	Central £'000	Manufacturing £'000	Distribution £'000	Total £'000
<b>Revenue</b>				
External	-	2,004	13,536	15,540
Inter company	355	1,127	2,238	3,720
<b>Total</b>	355	3,131	15,774	19,260
<b>Profit</b>				
EBITDA	236	(624)	1,415	1,027
Finance costs	(45)	(12)	(11)	(68)
Finance income	1	-	1	2
Depreciation	(207)	-	(162)	(369)
Tax expense	-	-	(179)	(179)
<b>(Loss)/profit for the period</b>	(15)	(636)	1,064	413

<b>Assets</b>				
Total assets	4,001	709	13,438	18,148
Additions to non current assets	222	-	22	244
<b>Liabilities</b>				
Total liabilities	980	2,186	4,869	8,035

	Audited year to 31st December 2017			
	Central £	Manufacturing £	Distribution £	Total £
<b>Revenue</b>				
External	-	4,150	27,299	31,449
Inter company	706	3,211	5,172	9,089
<b>Total</b>	706	7,361	32,471	40,538
<b>Profit</b>				
EBITDA	393	146	2,605	3,144
Finance costs	(92)	(23)	(28)	(143)
Finance income	1	1	1	3
Depreciation	(465)	-	(338)	(803)
Tax expense	(20)	(8)	(593)	(621)
<b>(Loss)/profit for the period</b>	(183)	116	1,647	1,580

<b>Assets</b>				
Total assets	4,593	2,397	11,793	18,783
Additions to non current assets	490	-	222	712
<b>Liabilities</b>				
Total liabilities	1,742	3,664	2,402	7,808

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