



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

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Hunslet Road, Leeds LS10 1JZ England  
Telephone 0113 245 7491 International + 44 113 245 7491  
Facsimile 0113 243 5021 International + 44 113 243 5021  
E-mail: [info@braime.co.uk](mailto:info@braime.co.uk) Website: [www.braime.com](http://www.braime.com)

**INTERIM REPORT**

**FOR THE SIX MONTHS ENDED**

**30TH JUNE 2008**

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

## **Management commentary**

### **For the six months ended 30th June 2008**

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Group sales revenue for the first six months of 2008 increased by 24% from £5.89m to £7.28m and the company made a profit before tax for the first half of 2008 of £125,000. This compares to a profit of £67,000 in 2007 and a loss of £218,000 in 2006 in the same period.

The group was cash negative in the first half of 2008. This was caused by an increase in trade debtors, following the significant increase in sales revenue, and an increase in inventories, due to the sudden and steep rise in the cost of raw materials. The company continues to trade well within its borrowing facilities and we expect the group to be cash generative for the full year, ending 31st December 2008.

The sizeable accumulated losses in 2005 and 2006 have put considerable strain on the company's financial resources, as has the need to finance the recent large increase in group revenue. As a result, the directors have reluctantly decided that it would not be appropriate to pay an interim dividend in 2008.

The profitability of the group continues to improve and, providing this is sustained, the directors plan to progressively restore dividend payments to the shareholders.

#### **Performance of group companies**

##### **4B division**

The subsidiaries distributing our 4B brand of components to the material handling sector worldwide have all enjoyed substantial growth and we expect this to continue in the second half of the year. We are fortunate that over 80% of sales of "4B" products are in overseas markets and are primarily to customers in the agro industry or process industries, sectors benefiting from the surge in commodity prices, insulating us from most of the consequences of the current economic problems in the UK.

The downside is that we have also seen unprecedented inflation in the cost of some of our raw materials, with UK steel prices rising 50% and world plastic prices increasing by 100% since the start of 2008. Given our complex product mix, passing on price increases to customers on a continuous basis is both time consuming and destabilizing and the inevitable delays in the acceptance by our customers of such large price increases has had a short term negative effect on our margins.

##### **Pressings division**

The sales revenue of Braime Pressings has remained largely unchanged from the first half of 2007 and the losses in this company have not been reduced. This is hugely disappointing.

Through no fault of our own, the start up of the new major product line for an automotive components supplier has been repeatedly delayed by our customer but is now scheduled finally to come on stream from September 2008. We have made a significant capital investment in this project and the long delay has had a serious effect on the performance of Braime Pressings both in 2007 and 2008. Equally, once this project commences, it will have a substantial long term positive impact both on the result of Braime Pressings and of the group.

##### **Relocation**

While the company is still receiving enquiries from parties interested in developing our site in Leeds, the effect of the downturn in the housing market makes it unlikely that a realistic offer, based on the primarily residential brief approved by the planning officers, will be forthcoming in the foreseeable future. The company still wishes to relocate its manufacturing business to more economic premises, as soon as this becomes a viable option, and continues to explore other alternatives.

##### **Outlook**

The UK economy appears to be entering a recession and across the world the huge inflation in commodity prices is creating economic instability. In spite of this unfavourable general economic background, the directors believe that the group will be able to continue the progress made over the past 18 months.

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

**Condensed consolidated income statement**

**For the six months ended 30th June 2008**

	30th June 2008 £ (unaudited)	30th June 2007 £ (unaudited)	31st December 2007 £ (audited)
Revenue	<u>7,277,564</u>	<u>5,887,371</u>	<u>11,838,813</u>
Profit from operations	152,203	78,025	167,352
Finance costs	(161,247)	(162,913)	(321,762)
Finance income	<u>133,623</u>	<u>151,996</u>	<u>292,467</u>
Result for the period before tax	124,579	67,108	138,057
Tax expense @ 28% (2007 - 30%) for interim figures	<u>(34,882)</u>	<u>(20,132)</u>	<u>(128,793)</u>
Net result for the period	<u>89,697</u>	<u>46,976</u>	<u>9,264</u>
Basic profit per share	<u>6.23p</u>	<u>3.26p</u>	<u>0.01p</u>

**Condensed consolidated statement of recognised income and expense**

**For the six months ended 30th June 2008**

	30th June 2008 (unaudited)	30th June 2007 £ (unaudited)	31st December 2007 £ (audited)
Exchange difference on translation of foreign operations	1,236	(9,684)	17,557
Actuarial gains recognised directly in equity	-	-	<u>118,000</u>
Total income and expense recognised in equity	<u>1,236</u>	<u>(9,684)</u>	<u>135,557</u>
Net income/(expense) recognised in equity	1,236	(9,684)	135,557
Profit for period	<u>89,697</u>	<u>46,976</u>	<u>9,264</u>
Total recognised income and expense for the period	<u>90,933</u>	<u>37,292</u>	<u>144,821</u>
Attributable to:			
Equity holders of T.F. & J.H. Braime (Holdings) P.L.C.	<u>90,933</u>	<u>37,292</u>	<u>144,821</u>

# Consolidated balance sheet

At 30th June 2008

	30th June 2008 £ (unaudited)	30th June 2007 £ (unaudited)	31st December 2007 £ (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	802,916	689,748	862,998
Employee benefits	<u>74,000</u>	-	<u>97,000</u>
<b>Total non-current assets</b>	<u>876,916</u>	<u>689,748</u>	<u>959,998</u>
<b>Current assets</b>			
Inventories	2,656,962	2,521,209	2,535,671
Trade and other receivables	3,315,784	3,001,803	2,713,165
Cash and cash equivalents	<u>1,419,603</u>	<u>1,429,619</u>	<u>1,493,734</u>
<b>Total current assets</b>	<u>7,392,349</u>	<u>6,952,631</u>	<u>6,742,570</u>
<b>Total assets</b>	<u>8,269,265</u>	<u>7,642,379</u>	<u>7,702,568</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdraft	1,368,047	1,294,875	1,387,668
Trade and other payables	2,604,927	2,346,046	2,162,084
Other financial liabilities	273,114	182,166	231,645
Corporation tax liability	<u>34,882</u>	<u>20,132</u>	<u>35,667</u>
<b>Total current liabilities</b>	<u>4,280,970</u>	<u>3,843,219</u>	<u>3,817,064</u>
<b>Non-current liabilities</b>			
Financial liabilities	349,212	327,539	337,354
Employee benefits	-	<u>31,000</u>	-
<b>Total non-current liabilities</b>	<u>349,212</u>	<u>358,539</u>	<u>337,354</u>
<b>Total liabilities</b>	<u>4,630,182</u>	<u>4,201,758</u>	<u>4,154,418</u>
<b>Total net assets</b>	<u>3,639,083</u>	<u>3,440,621</u>	<u>3,548,150</u>
<b>Capital and reserves attributable to equity holders of the parent company</b>			
Share capital	360,000	360,000	360,000
Capital reserve	77,319	77,319	77,319
Foreign exchange reserve	(7,756)	(36,233)	(8,992)
Retained earnings	<u>3,209,520</u>	<u>3,039,535</u>	<u>3,119,823</u>
<b>Total equity</b>	<u>3,639,083</u>	<u>3,440,621</u>	<u>3,548,150</u>

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

**Consolidated cash flow statement**

**For the six months ended 30th June 2008**

	30th June 2008 £ (unaudited)	30th June 2007 £ (unaudited)	31st December 2007 £ (audited)
<b>Operating activities</b>			
Net profit from ordinary activities	<u>89,697</u>	<u>46,976</u>	<u>9,264</u>
Adjustments for:			
Depreciation	105,021	88,493	168,183
Grants amortised	(828)	(828)	(1,656)
Foreign exchange gains/(losses)	1,246	(9,810)	19,535
Investment income	(133,623)	(151,996)	(292,467)
Interest expense	161,247	162,913	321,762
Gain on sale of plant, machinery and motor vehicles	-	-	(6,123)
Income tax expense	<u>34,882</u>	<u>20,132</u>	<u>128,793</u>
<b>Operating profit before changes in working capital and provisions</b>	<u>167,945</u>	<u>108,904</u>	<u>338,027</u>
Increase in trade and other receivables	(602,619)	(390,066)	(153,188)
Increase in inventories	(121,291)	(323,287)	(337,749)
Increase in trade and other payables	454,170	499,254	327,326
Decrease in provisions and employee benefits	<u>27,000</u>	<u>34,000</u>	<u>35,000</u>
	<u>(242,740)</u>	<u>(180,099)</u>	<u>(128,611)</u>
<b>Cash generated from operations</b>	<u>14,902</u>	<u>(24,219)</u>	<u>218,680</u>
Income taxes paid	<u>(35,667)</u>	<u>(33,063)</u>	<u>(131,397)</u>
<b>Investing activities</b>			
Purchases of plant, machinery and motor vehicles	(32,657)	(53,682)	(163,474)
Sale of plant, machinery and motor vehicles	35,843	8,922	10,375
Interest received	<u>28,623</u>	<u>27,996</u>	<u>59,467</u>
	<u>31,809</u>	<u>(16,764)</u>	<u>(93,632)</u>
<b>Financing activities</b>			
Repayment of hire purchase creditors	(47,597)	(20,500)	(56,026)
Interest paid	(60,247)	(53,913)	(114,762)
Loan received	<u>42,300</u>	<u>-</u>	<u>-</u>
	<u>(65,544)</u>	<u>(74,413)</u>	<u>(170,788)</u>
Decrease in cash and cash equivalents	(54,500)	(148,459)	(177,137)
Cash and cash equivalents (including overdrafts), beginning of period	<u>106,066</u>	<u>283,203</u>	<u>283,203</u>
<b>Cash and cash equivalents (including overdrafts), end of period</b>	<u>51,566</u>	<u>134,744</u>	<u>106,066</u>

**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 2007 and those which management expects to apply in the group's full financial statement to 31st December 2008.

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 2007 but is derived from the accounts. Statutory accounts for the period ended 31st December 2007 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 237(2) or (3) Companies Act 1985.

4th September 2008