

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

At a meeting of the directors held here today, the accounts for the year ended 31st December 2008 were submitted and approved by the directors. The preliminary profits statement is as follows:

Chairman's statement

The performance of the group has continued its steady recovery. For the year ending 31st December 2008, sales revenue increased by 28% from £11.8m in 2007 to £15.2m in 2008 and the profit before tax improved from £138,000 to £527,000.

After deducting tax due on profits largely made in the USA, the profit after tax increased from £9,000 in 2007 to £251,000 in 2008.

The company has been fortunate in the current economic crisis in that over 70% of group sales are made overseas and that our main markets - the storage and processing of raw materials from cereal crops to minerals and cement - are sectors that remained buoyant throughout most of 2008.

During 2008 the financial resources of the company were put under considerable strain. The cost of some of core raw materials rose by over 50%. Additionally this problem was exacerbated by the increase in our working capital requirements brought about by the increase in debtors and stocks resulting from the welcome, but abnormally rapid, jump in sales revenue.

In light of this situation, the directors have decided to restore a small interim dividend of 1.50p per shares but not to pay a final dividend for 2008. This interim dividend, to fall within the 2008/09 tax year, will be paid to shareholders on 3rd April 2009 whose names are on the register on 27th March 2009.

The pressure on our financial resources is now reducing. Raw material prices have fallen back by around 50% to the levels of January 2008 and sales revenue is not predicted to increase in 2009.

Providing that we can maintain the current trading position and that the cash position improves as expected, the director's would hope to pay a further interim dividend in the current year.

Performance of subsidiaries

The group operates as two divisions:-

Manufacturing of deep drawn pressings (Braime Pressings Limited)

In 2008 the manufacturing business generated 19% of external group sales revenue and in addition supplied pressed components to other group subsidiaries. Although sales increase by 18%, the company made a substantial loss as margins were reduced by the rapid rise in the cost of raw materials and other costs.

A large proportion of the sales of Braime Pressings Limited have in recent years been to companies making "white goods" for sale in the UK to the home building or home improvement sectors which have been very seriously affected by the collapse both of the property market and consumer confidence. The resulting drop in anticipated factory volume has, and continues to have, a major negative impact on the prospects of Braime Pressings Limited. On the plus side, a large project to supply parts to the commercial vehicle sector has finally come on stream after two years of frustrating delays and this will add very substantial revenue in 2009. We also have two further substantial live projects of which we are reasonably confident of securing in the long term.

We are currently making a major capital investment in new automated plant which will very significantly improve productivity and reduce operating costs.

Distribution of components, under our 4B brand, to the bulk material handling industry
The subsidiaries in this "division" now provide over 80% of external group sales and, of these sales, 86% were made in overseas markets in 2008.

The three main subsidiaries in this division, Braime Elevator Components Limited (UK), 4B Elevator Components Limited (USA) and Sarl S.E.T.E.M. (France), all had exceptional years with substantial increases in both sales revenue and gross margins which were enhanced by the fall in the value of Sterling against both the US Dollar and the Euro in the last quarter of 2008. The group result also benefited from the translation of overseas earnings into Sterling at more favourable exchange rates.

During the year, the group took over what is effectively a controlling stake in 4B Asia Pacific Company Limited in Thailand and formed a new wholly owned subsidiary, 4B Africa Elevator Components (Proprietary) Limited. We believe that the two investments will enable us to increase our sales in both these growing markets.

Our principal investments remain the continuing improvement and development of the 4B product range and in employing the necessary qualified staff.

Cash flow and debt

In 2008 there was a net cash outflow of £138,000 due primarily, as explained earlier, to an increase in working capital requirements needed to finance higher sales and stocks. We are actively focusing on reducing stock and debtors throughout the group to more sustainable long term levels.

The principal means of external finance for working capital is through an invoice discounting arrangement with our bankers and through hire purchase in the case of capital investments. However in 2008, the company did agree an extra overdraft facility with its bankers but has not needed to call upon it.

Relocation

The company still wishes to locate from its current facilities in the UK to more cost effective premises. Discussions are still ongoing with interested parties but, given the current state of the property market, it is unlikely that the company will be able to move within the foreseeable future.

Staff

The groups biggest asset is its staff who have continued to work with enthusiasm and energy in a very tough and demanding economic climate. Our future success depends on the ability to embrace change and a philosophy of continuous improvement by everyone within the business.

Outlook

Against the background of the severe economic crisis, it would be foolhardy to attempt to make any firm predictions for 2009.

Our manufacturing division has had a very poor start to the year but is now beginning to recover as the result of the start up of the long awaited automotive work.

In contrast, our distribution business has begun the year very brightly, with sales in all subsidiaries running ahead of last year. Clearly there is going to be a decline in projects related to the extraction and processing of industrial materials but demand, thus far, from the primary food sector remains strong.

At present the group is also benefiting significantly from the fall in the value of Sterling and this will help in offsetting any decline in volume caused by the recession. Providing Sterling remains somewhere near current levels, we remain positive about the prospects for the current year. However, equally, given the high proportion of group sales which are distributed in overseas markets, the prevailing exchange rate will be a key factor in determining this year's result.

Consolidated Income Statement for the year ended 31st December 2008 (audited)

	Note	2008 £	2007 £
Revenue		15,173,891	11,838,813
Changes in inventories of finished goods and work in progress		689,836	304,567
Raw materials and consumables used		(8,854,300)	(6,521,446)
Employee benefits costs		(3,599,505)	(3,253,886)
Depreciation expense		(189,879)	(168,183)
Other expenses		<u>(2,644,005)</u>	<u>(2,032,513)</u>
Profit from operations		<u>576,038</u>	<u>167,352</u>
Finance costs		(312,924)	(321,762)
Finance income		<u>264,009</u>	<u>292,467</u>
Profit before tax		527,123	138,057
UK corporation tax		5,496	5,449
Foreign corporation tax		<u>(281,061)</u>	<u>(134,242)</u>
Profit for the year attributable to equity shareholders of the parent company		<u>251,558</u>	<u>9,264</u>
Basic and diluted earnings per share	1	<u>17.47p</u>	<u>0.01p</u>

Consolidated Statement of Recognised Income and Expense for the year ended 31st December 2008 (audited)

	2008 £	2007 £
Foreign exchange gains on re-translation of overseas operations	436,143	17,557
Actuarial gains recognised directly in equity	<u>60,000</u>	<u>118,000</u>
Total income and expense recognised in equity	496,143	135,557
Gain for the year	<u>251,558</u>	<u>9,264</u>
Total recognised income and expense for the year attributable to equity shareholders of the parent company	<u>747,701</u>	<u>144,821</u>

Consolidated Balance Sheet at 31st December 2008 (audited)

	Note	2008 £	2008 £	2007 £	2007 £
Assets					
Non-current assets					
Property, plant and equipment		850,758		862,998	
Goodwill		12,270		-	
Employee benefits		<u>140,000</u>		<u>97,000</u>	
Total non-current assets			1,003,028		959,998
Current assets					
Inventories		3,344,011		2,535,671	
Trade and other					

receivables	2,644,375		2,713,165	
Cash and cash equivalents	<u>1,753,273</u>		<u>1,493,734</u>	
Total current assets		<u>7,741,659</u>		<u>6,742,570</u>
Total assets		<u>8,744,687</u>		<u>7,702,568</u>
Liabilities				
Current liabilities				
Bank overdraft	1,785,513		1,387,668	
Trade and other payables	1,954,625		2,162,084	
Other financial liabilities	306,746		231,645	
Corporation tax liability	<u>112,413</u>		<u>35,667</u>	
Total current liabilities		4,159,297		3,817,064
Non-current liabilities				
Financial liabilities	<u>289,539</u>		<u>337,354</u>	
Total non-current liabilities		<u>289,539</u>		<u>337,354</u>
Total liabilities		<u>4,448,836</u>		<u>4,154,418</u>
Total net assets		<u>4,295,851</u>		<u>3,548,150</u>
Capital and reserves attributable to equity holders of the parent company				
Share capital		360,000		360,000
Capital reserves		77,319		77,319
Foreign exchange reserve		427,151		(8,992)
Retained earnings		<u>3,431,381</u>		<u>3,119,823</u>
Total equity	2	<u>4,295,851</u>		<u>3,548,150</u>

Consolidated Cash Flow Statement for the year ended 31st December 2008 (audited)

	Note	2008	2008	2007	2007
		£	£	£	£
Operating activities					
Net profit			251,558		9,264
Adjustments for:					
Depreciation		189,879		168,183	
Grants amortised		(1,656)		(1,656)	
Foreign exchange gains		567,471		19,535	
Investment income		(264,009)		(292,467)	
Interest expense		312,924		321,762	
Gain on sale of plant, machinery and motor vehicles		(40,924)		(6,123)	
Income tax expense		<u>275,565</u>		<u>128,793</u>	
Operating profit before changes in working capital and provisions			1,039,250		338,027
(Decrease)/increase in trade and other receivables		68,790		(153,188)	
Increase in inventories		(808,340)		(337,749)	
(Decrease)/increase in trade and other payables		(161,429)		327,326	
Decrease in provision and employee benefits		<u>23,000</u>		<u>35,000</u>	

	<u>(877,979)</u>	<u>(128,611)</u>
Cash generated from operations	412,829	218,680
Income taxes paid	<u>(352,311)</u>	<u>(131,397)</u>
Investing activities		
Purchases of plant, machinery and motor vehicles	<u>(119,621)</u>	<u>(163,474)</u>
Sale of plant, machinery and motor vehicles	<u>83,225</u>	<u>10,375</u>
Interest received	<u>57,009</u>	<u>59,467</u>
	20,613	(93,632)
Financing activities		
Repayment of hire purchase creditors	<u>(107,513)</u>	<u>(56,026)</u>
Interest paid	<u>(111,924)</u>	<u>(114,762)</u>
	<u>(219,437)</u>	<u>(170,788)</u>
Decrease in cash and cash equivalents	<u>(138,306)</u>	<u>(177,137)</u>
Cash and cash equivalents, beginning of period	<u>106,066</u>	<u>283,203</u>
Cash and cash equivalents, end of period	<u>(32,240)</u>	<u>106,066</u>

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 (2007 - 1,440,000). There are no potentially dilutive shares in issue.

During the twelve months to 31st December 2008, T.F. & J.H. Braime (Holdings) P.L.C. paid dividends of £Nil to its equity shareholders (2007 - £Nil).

2. Changes in shareholders' equity

	2008	2007
	£	£
Total recognised income and expense	747,701	144,821
Capital and reserves attributable to equity holders of the parent company at the beginning of the period	<u>3,548,150</u>	<u>3,403,329</u>
Capital and reserves attributable to equity holders of the parent company at the end of the period	<u>4,295,851</u>	<u>3,548,150</u>

3. Cash and cash equivalents

	2008	2007
	£	£
Cash at bank and in hand	1,753,273	1,493,734
Bank overdrafts	<u>1,785,513</u>	<u>1,387,668</u>
	<u>(32,240)</u>	<u>106,066</u>

4. Major non-cash transaction

During the year the group acquired £48,125 (2007 - £135,250) of tangible assets under hire purchase agreements.

5. Basis of preparation

The results incorporated in the preliminary announcement have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the EU and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31st December 2008 or 2007. Statutory accounts for 2007 have been delivered to the Registrar of Companies. The statutory accounts for 2008 will be delivered to the Registrar of Companies following the company's annual general meeting. The auditors have reported on the 2008 and 2007 accounts; their reports were unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain a statement under S237(2) or (3) of the Companies Act 1985.

D. H. Brown

Company Secretary

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

13th March 2009