

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 2010

At a meeting of the directors held today, the accounts for the year ended 31st December 2010 were submitted and approved by the directors. The preliminary accounts statement is as follows:

Chairman's statement

Performance of group companies

The group continued to make good progress in 2010.

Over 80% of group sales are made in overseas markets, which have been less affected than the UK by the current recession. Many of the sales are to food related industries where there is still strong growth. We have also continued to benefit from largely favourable exchange rates.

Sales revenue increased by 15% to £18.10m from £15.70m. Pre tax profit rose to £1.36m from £0.62m and the profit after tax for 2010 was £945,000 compared to £387,000 in 2009.

In view of the above excellent result, the directors have already announced a second interim dividend of 4.80p to be paid on 1st April 2011, making a total for the tax year ending 5th April 2011 of 7.20p (compared to 4.50p in the previous year). As last year, a final dividend will not be paid.

Manufacturing of deep drawn pressings (Braime Pressings Limited)

Following the restructuring of this business, the level of loss made by our manufacturing business was reduced compared to 2009 but this reduction was much less than had been forecast.

During 2010 we were successful in improving the efficiency of the investment in the machinery producing existing work and significant improvements were made to the infrastructure and environment of the business.

However, despite the enormous efforts of our staff, we were unable to bring on stream in 2010 the two major new contracts which were critical to achieving our anticipated improvement. In addition to losing the expected contribution from this new work, we also had to absorb much higher than expected costs in modifying and commissioning the complex plant required to run the new work. The result for 2010 was also badly affected by an unexpectedly large increase in material costs, which we were unable to pass on to our customers until 2011.

The first of the new contracts finally came on stream successfully at the end of January 2011. We are currently in the midst of final trials for the second contract and expect this to be launched in the second quarter of this year. We have also secured additional volume for one of our existing product lines.

We are therefore hopeful in 2011, of achieving the substantial progress that we had forecast for 2010.

Distribution of components, under our 4B brand, to the bulk material handling industry

All of our subsidiaries distributing globally our brand of 4B material handling components again enjoyed record years, and the performance of 4B Elevator Components Limited in the USA was particularly strong.

The company continues to invest in developing both the diversity of our product range and in our distribution network. Specifically, in December 2010, we set up a new subsidiary, 4B Australia Pty Limited based in Brisbane. Two weeks later our premises were flooded! However, once having overcome this inauspicious start, we are showing signs of early progress.

We are seeing a very positive start to 2011 although sales to some markets remain affected by the recession.

Our main concerns in 2011 are the impact of the current political turbulence on our markets in the Middle East, the effect of the recent tragic natural disasters in both Australia and Japan and surging commodity prices, caused by the scale of the relatively new phenomenon of global speculation in commodities. The price of our key raw materials, steel, plastics and rubber have already increased by between 10% and 30% in just the first three months. Increases of this magnitude are hard to manage and difficult to pass on in a timely manner, they tie up cash in higher stock costs and create great uncertainty for both ourselves and our customers.

Investment

In 2010 the group invested £263,000 in plant and equipment. Of this, £53,000 was financed by hire purchase agreements, £35,000 financed through the sale of surplus plant and the balance of £175,000 was financed from funds generated internally.

At the year end, the company had committed to a further capital investment of £140,000 and, since the start of the new financial year, the company has placed orders for further investments totalling £232,000. All of these capital investments are being financed by hire purchase agreements.

Cash flow and debt

Although the company generated substantial funds as a result of the large improvement in profitability, the cash flow position for the year was negative by £87,728.

In addition to the £175,000 used for capital investments, a further £178,000 was required to finance the higher volume of business activity, being the difference between the amounts owed to us by customers and the amount owed to our suppliers.

However, the major reason for the net outflow of funds was an increase in stocks of £732,000. Some of this increase can be justified by exceptional circumstances, as we built up stocks to allow for the installation of new plant, and as we purchased forward in anticipation of the increases in raw materials. But, the steep rise in stocks is of concern and strenuous efforts are being made to reverse this trend.

Staff

Our most important resource is our staff and we thank them for their continuing effort and support to overcome the constant challenges we face as we try to implement major changes and improvements throughout the group.

Board appointments

I am delighted to announce the appointment to the board of my two sons, Carl and Alan as Group Sales Director and Group Commercial Director respectively. The appointments, made on 13th August 2010, will be subject to their election at the AGM.

Carl Braime gained a BSc at London University and an MA at Bristol University, before working in South America for three years, becoming fluent in Spanish. Since June 2006 Carl has been Sales Manager for Braime Elevator Components Limited, further developing our overseas distribution. He is currently completing the final year of an Executive MBA at Leeds University.

Alan Braime graduated from Newcastle with a 1st in Economics and qualified as a chartered accountant with KPMG in September 2006, prior to joining the business. Alan has played an important role in developing the strategy for the restructuring of our manufacturing business and is currently leading a project looking at the business systems across the group.

Both appointments will bring fresh ideas and new energy to the board, which are essential for the continuing development of the business.

Outlook

The directors believe that the new work coming on stream in Braime Pressings Limited should result in an improvement in its' financial performance but the outcome remains dependent on our ability to successfully complete the launch of these contracts and to make the necessary improvements in the operating efficiency of our new plant.

The 4B division has started the year very positively but we are concerned about the impact of the current levels of instability, particularly related to commodity prices, which threaten margins and jeopardise business confidence among customers. In this uncertain climate, it will be a challenge to hang on to the gains of the previous two years.

Nevertheless we believe overall that we can maintain the improvement in the performance of the group, albeit at a much slower rate.

Summarised Consolidated Income Statement for the year ended 31st December 2010
(audited)

	Note	2010 £	2009 £
Revenue		18,057,661	15,685,218
Changes in inventories of finished goods and work in progress		647,108	(406,362)
Raw materials and consumables used		(10,358,951)	(8,156,328)
Employee benefits costs		(3,841,811)	(3,685,404)
Depreciation expense		(286,938)	(302,865)
Other expenses		(2,804,022)	(2,434,978)
Profit from operations		1,413,047	699,281
Finance costs		(302,445)	(285,338)
Finance income		250,776	211,049
Profit before tax		1,361,378	624,992
Tax expense		(416,240)	(237,905)
Profit for the year attributable to equity shareholders of the parent company		945,138	387,087
Basic and diluted earnings per share	1	65.63p	26.88p

Summarised Consolidated Statement of Comprehensive Income for the year ended 31st December 2010 (audited)

	2010 £	2009 £
Profit for the year	945,138	387,087
Actuarial (losses)/gains recognised directly in equity	(168,000)	76,000
Foreign exchange losses on re-translation of overseas operations	(33,254)	(107,605)
Adjustment in respect of minimum funding requirement per IFRIC14	137,000	(149,000)
Other comprehensive income for the year	(64,254)	(180,605)
Total comprehensive income for the year	880,884	206,482

Summarised Consolidated Balance Sheet at 31st December 2010 (audited)

	Note	2010	2010	2009	2009
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	£	£	£	£
Assets				
Non-current assets				
Property, plant and equipment	1,223,980		1,249,460	
Goodwill	12,270		12,270	
Employee benefits	-		-	
Total non-current assets		1,236,250		1,261,730
Current assets				
Inventories	3,593,680		2,862,149	
Trade and other receivables	3,291,602		2,400,384	
Cash and cash equivalents	1,844,934		1,947,207	
Total current assets		8,730,216		7,209,740
Total assets		9,966,466		8,471,470
Liabilities				
Current liabilities				
Bank overdraft	1,145,421		1,159,966	
Trade and other payables	2,707,169		2,019,053	
Other financial liabilities	291,553		344,339	
Corporation tax liability	171,054		-	
Total current liabilities		4,315,197		3,523,358
Non-current liabilities				
Financial liabilities	389,012		488,979	
Total non-current liabilities		389,012		488,979
Total liabilities		4,704,209		4,012,337
Total net assets		5,262,257		4,459,133
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		286,292		319,546
Retained earnings		4,538,646		3,702,268
Total equity		5,262,257		4,459,133

Summarised Consolidated Cash Flow Statement for the year ended 31st December 2010
(audited)

	Note	2010	2010	2009	2009
		£	£	£	£
Operating activities					
Net profit			945,138		387,087
Adjustments for:					
Depreciation		286,938		302,865	
Grants amortised		(1,656)		(1,656)	
Foreign exchange losses		(37,785)		(119,426)	
Investment income		(250,776)		(211,049)	
Interest expense		302,445		285,338	
Gain on sale of plant,					

machinery and motor vehicles	(35,357)	(8,748)	
Adjustment in respect of defined benefits scheme	(22,000)	57,000	
Income tax expense	416,240	237,905	
		658,049	542,229
Operating profit before changes in working capital and provisions		1,603,187	929,316
(Increase)/decrease in trade and other receivables	(891,218)	243,991	
(Increase)/decrease in inventories	(731,531)	481,862	
Increase in trade and other payables	713,331	89,643	
		(909,418)	815,496
Cash generated from operations		693,769	1,744,812
Income taxes paid		(270,401)	(375,533)
Investing activities			
Purchases of plant, machinery and motor vehicles	(210,154)	(326,902)	
Sale of plant, machinery and motor vehicles	35,358	8,750	
Interest received	4,776	11,049	
		(170,020)	(307,103)
Financing activities			
Repayment of hire purchase creditors	(197,871)	(124,157)	
Interest paid	(65,445)	(75,338)	
Dividends paid	(77,760)	(43,200)	
		(341,076)	(242,695)
(Decrease)/increase in cash and cash equivalents		(87,728)	819,481
Cash and cash equivalents, beginning of period		787,241	(32,240)
Cash and cash equivalents, end of period		699,513	787,241

Consolidated statement of changes in equity for the year ended 31st December 2010
(audited)

	Share Capital	Capital Reserve	Foreign Exchange Reserve	Retained Earnings	Total
	£	£	£	£	£
Balance at 1st January 2009	360,000	77,319	427,151	3,431,381	4,295,851
Comprehensive income					
Profit	-	-	-	387,087	387,087
Other comprehensive income					
Actuarial gains recognised directly in equity	-	-	-	76,000	76,000

Foreign exchange losses on re-translation of overseas operations	-	-	(107,605)	-	(107,605)
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	(149,000)	(149,000)
Total other comprehensive income	-	-	(107,605)	(73,000)	(180,605)
Total comprehensive income	-	-	(107,605)	314,087	206,482
Transaction with owners					
Dividends	-	-	-	(43,200)	(43,200)
Total transactions with owners	-	-	-	(43,200)	(43,200)
Balance at 31st December 2009	360,000	77,319	319,546	3,702,268	4,459,133
Balance at 1st January 2010	360,000	77,319	319,546	3,702,268	4,459,133
Comprehensive income					
Profit	-	-	-	945,138	945,138
Other comprehensive income					
Actuarial losses recognised directly in equity	-	-	-	(168,000)	(168,000)
Foreign exchange losses on re-translation of overseas operations	-	-	(33,254)	-	(33,254)
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	137,000	137,000
Total other comprehensive income	-	-	(33,254)	(31,000)	(64,254)
Total comprehensive income	-	-	(33,254)	914,138	880,884
Transaction with owners					
Dividends	-	-	-	(77,760)	(77,760)
Total transactions with owners	-	-	-	(77,760)	(77,760)
Balance at 31st December 2010	360,000	77,319	286,292	4,538,646	5,262,257

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 (2009 - 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid

Equity shares

Ordinary shares

Interim of 3.00p (2009 - 1.50p) per share paid on 1st April

2010

2009

2010	14,400	7,200
Interim of 2.40p (2009 – 1.50p) per share paid on 15th October 2010	11,520	7,200
	25,920	14,400
'A' Ordinary shares		
Interim of 3.00p (2009 – 1.50p) per share paid on 1st April 2010	28,800	14,400
Interim of 2.40p (2009 – 1.50p) per share paid on 15th October 2010	23,040	14,400
	51,840	28,800
Total dividends paid	77,760	43,200
2. Cash and cash equivalents	2010	2009
	£	£
Cash at bank and in hand	1,844,934	1,947,207
Bank overdrafts	1,145,421	1,159,966
	699,513	787,241

3. Major non-cash transaction

During the year the group acquired tangible assets of £53,050 (2009 - £378,354) under hire purchase agreements.

4. Basis of preparation

The preliminary announcement has been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and applied in accordance with the Companies Act 2006.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2009, as described in those annual financial statements.

The financial statements have been prepared under the historical cost convention.

5. Annual general meeting

The annual general meeting of the company will be held in Leeds on Thursday 19th May 2011. Full details will be included in the published annual report and financial statements, which will be sent to shareholders by the 21st April 2011 and will also be available on the company's web-site (www.braimegroup.com) from that date.

30th March 2011

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