

At a meeting of the directors held here today, the accounts for the year ended 31st December 2006 were submitted and approved by the directors. The preliminary profits statement is as follows:

Consolidated Income Statement for the year ended 31st December 2006

|   | Note | 2006<br>£   | 2005<br>£   |
|---|------|-------------|-------------|
| Revenue   |      | 11,119,745  | 9,699,124   |
| Changes in inventories of finished goods and work in progress |      | 4,676       | 383,972     |
| Raw materials and consumables used                            |      | (6,011,478) | (5,250,183) |
| Employee benefits costs                                       |      | (3,225,406) | (3,098,576) |
| Depreciation expense  |      | (125,623)   | (114,728)   |
| Other expenses  |      | (1,887,710) | (1,870,790) |
| Loss from operations  |      | (125,796)   | (251,181)   |
| Finance costs   |      | (282,913)   | (244,903)   |
| Finance income  |      | 292,509     | 267,643     |
| Loss before tax   |      | (116,200)   | (228,441)   |
| UK corporation tax  |      | 12,800      | 13,289      |
| Foreign corporation tax                                       |      | (83,976)    | (82,579)    |
| Loss for the year attributable to shareholders                |      | (187,376)   | (297,731)   |
| Basic loss per share  | 1    | (13.0p)     | (20.7p)     |

Consolidated Statement of Recognised Income and Expense for the year ended 31st December 2006

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| Foreign exchange gains/(losses) on re-translation of overseas operations | (35,370)  | 17,958    |
| Actuarial gains and losses recognised directly in equity                 | 73,000    | (163,000) |
| Total income and expense recognised in equity                            | 37,630    | (145,042) |
| Loss for the year  | (187,376) | (297,731) |
| Total recognised income and expense for the year                         | (149,746) | (442,773) |

Consolidated Balance Sheet at 31st December 2006

|                               | Note | 2006<br>£ | 2006<br>£ | 2005<br>£ | 2005<br>£ |
|-------------------------------|------|-----------|-----------|-----------|-----------|
| Assets                        |      |           |           |           |           |
| Non-current assets            |      |           |           |           |           |
| Property, plant and equipment |      | 733,481   |           | 737,867   |           |
| Total non-current assets      |      |           | 733,481   |           | 737,867   |
| Current assets                |      |           |           |           |           |

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Inventories   | 2,197,922 |           | 2,342,363 |           |
| Trade and other receivables   | 2,611,737 |           | 1,832,979 |           |
| Cash and cash equivalents   | 1,629,317 |           | 1,567,840 |           |
| Total current assets  |           | 6,438,976 |           | 5,743,182 |
| Total assets  |           | 7,172,457 |           | 6,481,049 |
| Liabilities   |           |           |           |           |
| Current liabilities   |           |           |           |           |
| Bank overdraft  | 1,346,114 |           | 1,410,300 |           |
| Trade and other payables  | 1,846,792 |           | 861,945   |           |
| Other financial liabilities   | 182,292   |           | 177,170   |           |
| Corporation tax liability   | 33,063    |           | 33,033    |           |
| Total current liabilities   |           | 3,408,261 |           | 2,482,448 |
| Non-current liabilities   |           |           |           |           |
| Financial liabilities   | 348,867   |           | 347,526   |           |
| Employee benefits   | 12,000    |           | 98,000    |           |
| Total non-current liabilities   |           | 360,867   |           | 445,526   |
| Total liabilities   |           | 3,769,128 |           | 2,927,974 |
| Total net assets  |           | 3,403,329 |           | 3,553,075 |
| Capital and reserves attributable to equity holders of the parent company |           |           |           |           |
| Share capital   |           | 360,000   |           | 360,000   |
| Capital reserve   |           | 77,319    |           | 77,319    |
| Foreign exchange reserve  |           | (26,549)  |           | 8,821     |
| Retained earnings   |           | 2,992,559 |           | 3,106,935 |
| Total equity  | 2         | 3,403,329 |           | 3,553,075 |

Consolidated Cash Flow Statement for the year ended 31st December 2006

| Note  | 2006<br>£ | 2006<br>£ | 2005<br>£ | 2005<br>£ |
|---|-----------|-----------|-----------|-----------|
| Operating activities  |           |           |           |           |
| Net loss from ordinary activities                                 |           | (187,376) |           | (297,731) |
| Adjustments for:  |           |           |           |           |
| Depreciation  | 125,623   |           | 114,728   |           |
| Grants amortised  | (1,656)   |           | (1,656)   |           |
| Foreign exchange (losses)/ gains                                  | (34,791)  |           | 14,919    |           |
| Investment income   | (292,509) |           | (267,643) |           |
| Interest expense  | 282,913   |           | 244,903   |           |
| Gain on sale of plant, machinery and motor vehicles               | (9,394)   |           | (6,216)   |           |
| Income tax expense  | 71,176    |           | 69,290    |           |
| Operating profit before changes in working capital and provisions |           | 141,362   |           | 168,325   |
| (Increase)/decrease in trade and other receivables                | (726,998) |           | 595,747   |           |
| Decrease/(increase) in inventories                                | 144,441   |           | (226,682) |           |
| Increase/(decrease) in trade and other payables                   | 982,205   |           | (206,464) |           |
| Decrease in provisions and employee benefits                      | 36,000    |           | 52,000    |           |
|   |           | 435,648   |           | 214,601   |
| Cash generated from operations                                    |           | 389,634   |           | 85,195    |
| Income taxes paid   |           | (71,146)  |           | (39,576)  |
| Investing activities  |           |           |           |           |
| Purchases of plant, machinery and motor vehicles                  | (142,730) |           | (142,306) |           |
| Sale of plant, machinery and motor vehicles                       | 30,308    |           | 6,768     |           |
| Interest received   | 48,509    |           | 47,643    |           |
|   |           | (63,913)  |           | (87,895)  |
| Financing activities  |           |           |           |           |
| Repayment of hire purchase creditors                              | (40,999)  |           | (35,313)  |           |
| Interest paid   | (87,913)  |           | (56,903)  |           |
| Dividends paid to equity shareholders                             | -         |           | (43,200)  |           |
|   |           | (128,912) |           | (135,416) |
| Increase/(decrease) in cash and cash equivalents                  |           | 125,663   |           | (177,692) |
| Cash and cash equivalents, beginning of period                    |           | 157,540   |           | 335,232   |
| Cash and cash equivalents, end of period                          |           | 283,203   |           | 157,540   |

## 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 (2005 - 1,440,000). There are no potentially dilutive shares in issue.

During the twelve months to 31st December 2006, T.F. & J.H. Braime (Holdings) P.L.C. paid dividends of £Nil to its equity shareholders (2005 - £43,200). This represents a payment of 0.00p per share (2005 - 3.0p per share).

| 2. Changes in shareholders' equity   | 2006      | 2005      |
|--|-----------|-----------|
|  | £         | £         |
| Total recognised income and expense  | (149,746) | (442,773) |
| Equity dividends paid  | -         | (43,200)  |
| Capital and reserves attributable to equity holders of the parent company at the beginning of the period | 3,553,075 | 4,039,048 |
| Capital and reserves attributable to equity holders of the parent company at the end of the period       | 3,403,329 | 3,553,075 |
| 3. Cash and cash equivalents   | 2006      | 2005      |
|  | £         | £         |
| Cash at bank and in hand   | 1,629,317 | 1,567,840 |
| Bank overdrafts  | 1,346,114 | 1,410,300 |
|  | 283,203   | 157,540   |

### 4. Major non-cash transaction

During the year the group acquired £156,450 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 2006 or 2005. Statutory accounts for 2005 have been delivered to the Registrar of Companies. The statutory accounts for 2006 will be delivered to the Registrar of Companies following the company's annual general meeting. The auditors have reported on the 2006 and 2005 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.

## Chairman's statement

### Review of business

Although group sales increased by 15% to £11.12m (2005 - £9.70m), the group made a loss before tax of £116,000 for the year ending 31st December 2006, compared to a loss of £228,000 in 2005. After incurring tax of £71,000 on profits made in the USA, this loss increased to £187,000 (2005 - £298,000).

While this result is very disappointing, the loss in 2006 was largely due to the one off costs involved in the necessary restructuring of the business. Moreover, the result for the whole year indicates a significant improvement from the position at the half year, when the pre-tax loss for the first six months ending 30th June 2006 stood at £218,000.

Following the changes in our manufacturing operation put in place in 2006, the group is on course to return to profit in 2007, providing other group subsidiaries continue to meet forecasts.

Nevertheless, in view of the result for 2006, the directors have decided, with regret, that it would not be prudent to pay a dividend to the Ordinary and 'A' Ordinary shareholders.

## Braime Pressings Limited

The trading position of Braime Pressings Limited continued to deteriorate in the early part of 2006 as a result of falling sales volume as yet more of our traditional customer base either resourced requirements overseas or closed their UK manufacturing operations altogether. The loss from trading was exacerbated by the exceptional costs of redundancies and restructuring undertaken to significantly reduce our overheads.

The sudden and rapid exodus of so much of UK engineering has proved an enormous challenge to the business; our customer list today is almost entirely different from three years ago. Our strategy is to seek out major new partners among companies who do remain committed to manufacturing in the UK and who can be seen to be actively continuing to invest in their UK facilities and, with them, to sign long term agreements which enable us to invest with confidence in cost effective dedicated machinery. We also continue to look for products which involve assembly and offer higher added value.

We are currently investing in the installation of two large automated production cells to supply two new major customers. We are also in the process of installing a new management information system which will give us much tighter control over all elements of our manufacturing. New valuable work was secured in 2006 and a second major new contract will come on stream in 2007. This new high volume business, combined with our reduction in overheads and improvements in productivity, should significantly improve the future trading position of

Braime Pressings Limited.

#### Braime Elevator Components Limited

The company had an excellent year, benefiting from sales increases which were concentrated on newer product lines, particularly electronic monitoring sensors and systems.

Along with the other subsidiaries distributing our range of material handling components under the 4B brand, the company has benefited from the investment in our website.

Major new contracts for monitoring systems have already been secured for 2007 and consequently we expect a further improvement in profitability in the current year.

#### Sarl S.E.T.E.M. (France and Germany)

Sales increased by 50%. A much improved result was spoilt by an exceptional loss caused when our largest customer went into administration. Despite this set back, Setem is expected to make further progress in 2007.

#### 4B Elevator Components Limited (USA)

Overall sales grew by 16%, primarily due to the continuing and substantial year on year growth in the sales of our monitoring systems. Having strengthened the team supporting the sales and servicing of these products, we expect this trend to continue in 2007, albeit at a slower rate.

#### Cash flow and debt

Given the unwelcome combination of two years of consecutive group losses and the need to continue to pay tax on profits made in the USA, we have had to pay very particular attention to our cash flow and to the management of our debt.

Despite an increase in group turnover, we have been successful in significantly reducing stocks of raw material in our manufacturing business, while maintaining finished stocks across the group at levels marginally below those in 2005, creating a net reduction in total group inventories of £144,000.

The consolidated balance sheet shows a net increase of £230,000 in our current liabilities less current assets. This is primarily a result of the significant growth in sales in the last quarter of 2006 compared to 2005. The cash flow statement shows a positive improvement in our position of £126,000.

During the year, we re-negotiated our borrowings with National Westminster Bank by replacing some of our previous overdraft facilities with an invoice discounting facility. This has both reduced the cost of servicing our debt and given us more flexibility. We are operating well within our borrowing facility and our forecast for 2007 shows no substantial change in this position.

#### Outlook

We expect that all the subsidiaries selling 4B material handling components will make further progress in 2007.

The prospects for Braime Pressings Limited, our manufacturing business have improved following the restructuring undertaken during 2006. Significant additional business has been found and we believe we now have a more secure customer base. The challenge now is to bring the new business on stream and to secure the necessary additional volume to restore this part of the group to profit.

Overall we believe that the group will return to profit in 2007.

D. H. Brown  
Company Secretary  
T.F. & J.H. Braime (Holdings) P.L.C.

3rd April 2007