

INTERIM REPORT

FOR THE SIX MONTHS ENDED

30TH JUNE 2012

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

Management commentary

For the six months ended 30th June 2012

The directors believe that the global recession, particularly the crisis in the Euro Zone, finally impacted on the performance of the group in the first six months of this year. Although the growth in revenue continued, increasing by 9.6% from £9,656,000 to £10,587,000, the profit before tax compared to the same period of 2011, dropped from £426,000 to £258,000, and the profit after tax from £307,000 to £179,000.

The main reasons for this were, firstly, a very significant reduction in the gross margin on sales within Europe due to fierce price competition in a weak market and, more importantly, to the fall in the value of the Euro, the currency in which most of our European sales are made. Secondly there was an increase in our labour overhead, mostly due to a deliberate decision to invest, in spite of the recession, in additional technical sales staff across all our 4B subsidiaries.

Cash and investments

The cash position as at 30th June 2012 was minus £82,000 compared to a positive position of £261,000 at 31st December 2011, a net reduction of £343,000. This was due to the repayment in full of a short term loan and the funding of capital investments in machinery for the pressings division and the fit out of our new premises in the USA.

Dividends

The second half of the year has begun brightly and we continue to benefit from the growth in our revenues across the whole group.

In these circumstances, in light of the underlying strength of our balance sheet, the directors have taken the decision to maintain the interim dividend at the same level as in the two previous years. A dividend of 2.40p per share will be paid on the 10th of October 2012 to the Ordinary and 'A' Ordinary shareholders on the register as at 28th September 2012.

Performance of group companies

4B division

All the subsidiaries in the 4B division which sell mechanical components and electronic monitoring systems to the bulk material handling industry worldwide, increased their sales revenue well above inflation - but those subsidiaries, whose sales are primarily in Euros, saw their gross margins severely eroded by the fall in value of the Euro.

During the first half of this year our US business relocated to new bespoke premises, nearly tripling their operating space. We are currently in the process of selling our previous US property. The relocation inevitably incurred one off exceptional costs and diverted scarce management time. It has also increased our overhead costs. Our South African subsidiary has recently gone through a similar relocation process.

Pressings division

Revenue for the first six months of this year was some 25% ahead of the same period last year, as sales from the new projects finally began slowly to come on stream and the level of loss increased on last year due in the main to higher depreciation charges. Ongoing investments to improve operating efficiencies are helping us to reduce future labour costs.

Outlook

We have been fortunate over the last two years to have been sheltered from the world recession, due, firstly, to the predominate focus of our business on the Commercial Agro business and, secondly, due to largely favourable exchange rates. The former situation has not changed substantially, but we have been affected this year by the sharp rise in the value of the Pound against the Euro and the first six months of this year have proved to be more challenging than expected.

The position of our manufacturing business is improving but we still need additional volume from the new contracts to come to fruition, in order for us to see the full benefits of the restructuring of this business.

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

Management commentary - continued

For the six months ended 30th June 2012

In the first half of 2012 the group has absorbed a number of one off costs. With revenues still increasing, we expect to see a better second half but, at this stage, it is unlikely that we will be able to recover all the ground lost in the first six months.

In spite of the recession, the group has continued its policy of investment - in machinery, infrastructure, IT and communications, R & D in new products and in front line sales engineers - believing that this strategy remains correct and will enable us to sustain the substantial progress of recent years and achieve our twin goals of steadily increasing, over time, both the revenue and profitability of the group.

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

Condensed consolidated income statement

Interim results

For the six months ended 30th June 2012

	Note	Unaudited 6 months to 30th June 2012 £	Unaudited 6 months to 30th June 2011 £	Audited year to 31st December 2011 £
Revenue		10,586,601	9,656,490	20,067,905
Cost of sales		8,406,929	7,494,668	15,146,890
Gross profit		2,179,672	2,161,822	4,921,015
Other operating expenses		1,883,777	1,700,753	3,605,733
Operating profit		295,895	461,069	1,315,282
Finance expense		(182,016)	(172,229)	(345,455)
Finance income		144,273	138,041	274,406
Profit before tax		258,152	426,881	1,244,233
Income tax expense		(79,121)	(119,527)	(430,212)
Profit after tax		179,031	307,354	814,021
Basic and diluted earnings per share	2	12.43p	21.34p	56.53p

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

Consolidated statement of comprehensive income

For the six months ended 30th June 2012

	Unaudited 6 months to 30th June 2012 £	Unaudited 6 months to 30th June 2011 £	Audited year to 31st December 2011 £
Profit for the period	179,031	307,354	814,021
Actuarial losses recognised directly in equity	-	-	(50,000)
Foreign exchange (losses)/gains on re-translation of overseas operations	(21,630)	56,427	48,467
Adjustment in respect of minimum funding requirement per IFRIC14	3,000	(25,000)	(31,000)
Total other comprehensive income for the period	(18,630)	31,427	(32,533)
Total comprehensive income for the period	160,401	338,781	781,488

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

Consolidated statement of financial position

At 30th June 2012

	Unaudited 6 months to 30th June 2012 £	Unaudited 6 months to 30th June 2011 £	Audited year to 31st December 2011 £
Non-current assets			
Property, plant and equipment	1,711,300	1,444,106	1,426,995
Goodwill	12,270	12,270	12,270
Total non-current assets	1,723,570	1,456,376	1,439,265
Current assets			
Inventories	4,381,296	3,879,299	4,401,733
Trade and other receivables	4,116,516	4,077,310	3,507,494
Cash and cash equivalents	1,972,761	1,804,679	1,746,464
Total current assets	10,470,573	9,761,288	9,655,691
Total assets	12,194,143	11,217,664	11,094,956
Current liabilities			
Bank overdraft	2,055,431	1,630,184	1,485,757
Trade and other payables	3,310,588	3,154,832	2,656,483
Other financial liabilities	200,740	352,862	350,859
Corporation tax liability	82	119,527	114,319
Total current liabilities	5,566,841	5,257,405	4,607,418
Non-current liabilities			
Financial liabilities	604,596	428,341	547,473
Total non-current liabilities	604,596	428,341	547,473
Total liabilities	6,171,437	5,685,746	5,154,891
Total net assets	6,022,706	5,531,918	5,940,065
Capital and reserves			
Share capital	360,000	360,000	360,000
Capital reserve	77,319	77,319	77,319
Foreign exchange reserve	313,129	342,719	334,759
Retained earnings	5,272,258	4,751,880	5,167,987
Total equity attributable to equity shareholders of the company	6,022,706	5,531,918	5,940,065

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

Consolidated statement of changes in equity

For the six months ended 30th June 2012

	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
Balance at 1st January 2012	360,000	77,319	334,759	5,167,987	5,940,065
Comprehensive income					
Profit	-	-	-	179,031	179,031
Other comprehensive income					
Actuarial gains recognised directly in equity	-	-	-	-	-
Foreign exchange losses on re- translation of overseas operations	-	-	(21,630)	-	(21,630)
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	3,000	3,000
Total other comprehensive income	-	-	(21,630)	3,000	(18,630)
Total comprehensive income	-	-	(21,630)	182,031	160,401
Transaction with owners					
Dividends	-	-	-	(77,760)	(77,760)
Total transactions with owners	-	-	-	(77,760)	(77,760)
Balance at 30th June 2012	360,000	77,319	313,129	5,272,258	6,022,706
Balance at 1st January 2011	360,000	77,319	286,292	4,538,646	5,262,257
Comprehensive income					
Profit	-	-	-	307,354	307,354
Other comprehensive income					
Actuarial gains recognised directly in equity	-	-	-	-	-
Foreign exchange gains on re- translation of overseas operations	-	-	56,427	-	56,427
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	(25,000)	(25,000)
Total other comprehensive income	-	-	56,427	(25,000)	31,427
Total comprehensive income	-	-	56,427	282,354	338,781
Transaction with owners					
Dividends	-	-	-	(69,120)	(69,120)
Total transactions with owners	-	-	-	(69,120)	(69,120)
Balance at 30th June 2011	360,000	77,319	342,719	4,751,880	5,531,918

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

Consolidated statement of changes in equity - continued

For the six months ended 30th June 2012

	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
Balance at 1st January 2011	360,000	77,319	286,292	4,538,646	5,262,257
Comprehensive income					
Profit	-	-	-	814,021	814,021
Other comprehensive income					
Actuarial losses recognised directly in equity	-	-	-	(50,000)	(50,000)
Foreign exchange gains on re- translation of overseas operations	-	-	48,467	-	48,467
Adjustment in respect of minimum funding requirement per IFRIC14	-	-	-	(31,000)	(31,000)
Total other comprehensive income	-	-	48,467	(81,000)	(32,533)
Total comprehensive income	-	-	48,467	733,021	781,488
Transaction with owners					
Dividends	-	-	-	(103,680)	(103,680)
Total transactions with owners	-	-	-	(103,680)	(103,680)
Balance at 31st December 2011	360,000	77,319	334,759	5,167,987	5,940,065

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

Consolidated cash flow statement

For the six months ended 30th June 2012

	Note	Unaudited 6 months to 30th June 2012 £	Unaudited 6 months to 30th June 2011 £	Audited year to 31st December 2011 £
Operating activities				
Net profit from ordinary activities		179,031	307,354	814,021
Adjustments for:				
Depreciation		218,073	186,713	395,200
Grants amortised		(828)	(828)	(1,656)
Foreign exchange (gain)/loss		(18,825)	62,548	47,391
Finance income		(144,273)	(138,041)	(274,406)
Finance expense		182,016	172,229	345,455
Gain on sale of plant and equipment		(5,900)	(6,212)	(21,617)
Adjustment in respect of defined benefit scheme		13,000	(21,000)	(74,000)
Income tax expense		79,121	119,527	430,212
Operating profit before changes in working capital and provisions		501,415	682,290	1,660,600
Increase in trade and other receivables		(609,022)	(785,708)	(215,892)
Decrease/(increase) in inventories		20,437	(285,619)	(808,053)
Increase/(decrease) in trade and other payables		654,105	510,180	(50,686)
		65,520	(561,147)	(1,074,631)
Cash generated from operations		566,935	121,143	585,969
Income taxes paid		(193,359)	(233,571)	(486,947)
Investing activities				
Purchases of plant, machinery and motor vehicles		(317,507)	(207,670)	(320,241)
Sale of plant, machinery and motor vehicles		5,900	6,212	21,620
Interest received		2,273	2,041	4,406
		(309,334)	(199,417)	(294,215)
Financing activities				
Proceeds from long term borrowings		-	-	133,196
Repayment of long term borrowings		(7,597)	-	-
Repayment of short term borrowings		(165,540)	-	-
Repayment of hire purchase creditors		(106,706)	(103,824)	(190,674)
Interest paid		(50,016)	(40,229)	(82,455)
Dividend paid		(77,760)	(69,120)	(103,680)
		(407,619)	(213,173)	(243,613)
Decrease in cash and cash equivalents	3	(343,377)	(525,018)	(438,806)
Cash and cash equivalents (including overdrafts), beginning of period	3	260,707	699,513	699,513
Cash and cash equivalents (including overdrafts), end of period		(82,670)	174,495	260,707

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

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 2011 and those which management expects to apply in the group's full financial statements to 31st December 2012.

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 2011 but is derived from the accounts. Statutory accounts for the period ended 31st December 2011 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 2011, 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 (2011 - 1,440,000). There are no potentially dilutive shares in issue.

	6 months to 30th June 2012 £
Dividends paid	
Equity shares	
Ordinary shares	
Interim of 5.40p per share paid on 2nd April 2012	25,920
'A' Ordinary shares	
Interim of 5.40p per share paid on 2nd April 2012	51,840
Total dividends paid	77,760
	Year to 31st December 2011 £
Dividends paid	
Equity shares	
Ordinary shares	
Interim of 4.80p per share paid on 1st April 2011	23,040
Interim of 2.40p per share paid on 14th October 2011	11,520
	34,560
'A' Ordinary shares	
Interim of 4.80p per share paid on 1st April 2011	46,080
Interim of 2.40p per share paid on 14th October 2011	23,040
	69,120
Total dividends paid	103,680

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

Notes to the interim financial report - continued

3. Cash and cash equivalents

	Unaudited 6 months to 30th June 2012 £	Unaudited 6 months to 30th June 2011 £	Audited year to 31st December 2011 £
Cash at bank and in hand	1,972,761	1,804,679	1,746,464
Bank overdrafts	2,055,431	1,630,184	1,485,757
	(82,670)	174,495	260,707

4. Segmental information

	Unaudited 6 months to 30th June 2012			
	Central £	Manufacturing £	Distribution £	Total £
Revenue				
External	-	1,381,341	9,205,260	10,586,601
Inter company	31,074	1,511,451	857,751	2,400,276
Total	31,074	2,892,792	10,063,011	12,986,877
Profit				
EBITDA	(10,807)	(6,128)	530,903	513,968
Finance costs	(6,913)	(156,718)	(18,385)	(182,016)
Finance income	728	143,475	70	144,273
Depreciation	-	(173,700)	(44,373)	(218,073)
Tax expense	(11,227)	-	(67,894)	(79,121)
(Loss)/profit for the period	(28,219)	(193,071)	400,321	179,031
Assets				
Total assets	617,155	3,061,128	8,515,860	12,194,143
Additions to non current assets	-	317,486	185,611	503,097
Liabilities				
Total liabilities	463,698	2,513,622	3,194,117	6,171,437

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

Notes to the interim financial report - continued

4. Segmental information - continued

	Unaudited 6 months to 30th June 2011			
	Central £	Manufacturing £	Distribution £	Total £
Revenue				
External	-	1,110,366	8,546,124	9,656,490
Inter company	29,885	1,162,918	899,006	2,091,809
Total	29,885	2,273,284	9,445,130	11,748,299
Profit				
EBITDA	(29,702)	6,395	671,089	647,782
Finance costs	(7,168)	(151,789)	(13,272)	(172,229)
Finance income	800	137,239	2	138,041
Depreciation	-	(157,267)	(29,446)	(186,713)
Tax expense	(8,368)	-	(111,159)	(119,527)
(Loss)/profit for the period	(44,438)	(165,422)	517,214	307,354
Assets				
Total assets	820,403	3,256,977	7,140,284	11,217,664
Additions to non current assets	-	346,454	57,336	403,790
Liabilities				
Total liabilities	570,278	2,611,112	2,504,356	5,685,746
	Audited year to 31st December 2011			
	Central £	Manufacturing £	Distribution £	Total £
Revenue				
External	-	2,510,726	17,557,179	20,067,905
Inter company	61,443	3,026,539	1,828,853	4,916,835
Total	61,443	5,537,265	19,386,032	24,984,740
Profit				
EBITDA	(12,901)	274,159	1,449,224	1,710,482
Finance costs	(14,812)	(301,808)	(28,835)	(345,455)
Finance income	1,679	272,722	5	274,406
Depreciation	-	(322,728)	(72,472)	(395,200)
Tax expense	(23,079)	-	(407,133)	(430,212)
(Loss)/profit for the period	(49,113)	(77,655)	940,789	814,021
Assets				
Total assets	810,551	2,874,795	7,409,610	11,094,956
Additions to non current assets	-	396,164	205,247	601,411
Liabilities				
Total liabilities	526,570	1,849,717	2,778,604	5,154,891

20th September 2012

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

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