BRAIME GROUP PLC
(formerly T.F. & J.H. BRAIME (HOLDINGS) P.L.C.)
("Braime" or the "Company" and with its subsidiaries the "Group")

ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2019

At a meeting of the directors held today, the accounts for the year ended 31st December 2019 were submitted and approved by the directors. The accounts statement is as follows:

Chairman's statement

A big thank you to all our staff

I want to begin this year's Statement by thanking our staff in the UK and overseas for their support. At a time when everyone is naturally worried for themselves and for their families, our staff have shown courage, resilience, and a willingness to learn new skills so they can cover for their colleagues. Their ongoing support has been amazing.

Variously they have been working from home or coming into work on a rota basis, and where necessary, many staff at all levels have continued to work on site in both office and manufacturing settings. In turn, we have tried our very best in all our locations to create a safe environment and to enable social-distancing.

Our current trading position

As a result of our staff's huge efforts, we have been able to continue processing, manufacturing and shipping customer orders. Demand for our products has remained high in the UK and globally. Our manufacturing business supplies oil filters that have to be replaced four times a year to keep modern commercial vehicles on the road; equally our material handling components are essential to distribute and process the cereals used to produce food.

To meet this demand, we have had to re-introduce manufacturing on a 24-hour basis, which is particularly challenging in the current circumstance. It is only possible because of the flexibility shown by our staff. Some of our overseas subsidiaries were forced to shut temporarily but have all now re-opened, including 4B China. Other subsidiaries, which were initially closed, have reopened with certificates exempting them from local "lockdowns" due to the importance of maintaining their supplies.

We are increasingly confident that by continuing to support our customers, we will be able to pull through, survive as a business, maintain long term employment and achieve a positive future for us all.

Summary of 2019 results

The world has changed and 2019 now seems a particularly long time ago. In 2019, the Group's sales revenue fell by 6.4% from £35.7m to £33.4m but the operating profit fell from £3.2m to £2.2m. After deducting interest charges and tax, the net profit in 2019 was down £0.9m to £1.3m.

In last year's Statement on the 2018 result, I indicated that the results were exceptional due to high demand in the US market. In an already exceptional year for sales, margins had been further boosted by the steep fall in sterling which substantially increased the local gross margins of goods exported from the UK, which make up the majority of Group sales. The results in 2018 were then further enhanced when overseas profits were consolidated back into sterling.

In my Chairman's Statement for 2018 and my Interim Statement in 2019, I also warned that revenues in the year in progress had already been effected by much weaker global demand due to the reduction in investment following the severe droughts in South America and Australia in late 2018, by the general economic slowdown in the European market in 2019, and by the negative effect on the US Agricultural market caused by Trump's Trade War with China. Additionally, sterling strengthened when the UK left the EU, reversing some of the FX gains which had contributed to the very strong results in 2018.

The Group's concentration on the agricultural market, a long-term growth sector, is one of our strengths but it does expose our business to the year on year fluctuations in the agricultural market. This is an area where we can find a way of reducing our future dependence, but our vulnerability to large fluctuations in the exchange rate is not. We hold funds in a spread of key currencies, but hedging is expensive and ultimately unwinds.

The lower result in 2019, while slightly disappointing, remains a relatively good year when put in context, and falls within the pattern of a long-term increase in the profitability of the Group.

Braime Pressings Limited specialises in the manufacture of deep drawn presswork concentrated on supplies to the commercial vehicle industry. In 2019, we were forced to concede "cost downs" and additionally sales revenue in the year was lower than in 2018. Volume in manufacturing is critical in order to cover high fixed costs, so a small decrease in external revenues resulted in a disproportionate loss of £250,000 in 2019.

Summary of 2019 results (continued)

The 4B material handling division markets its products through exclusive distributors in approximately 50 countries, 6 regional overseas subsidiaries and 2 overseas branches. The division's niche products, both mechanical and electrical, are focused on providing innovative engineering solutions. External sales in 2019 were £1.4m lower, and together with the other factors explained earlier, this resulted in a reduction in profit of £0.6m in this division.

Capital expenditure

In 2019, the Group invested £1.7m in new plant and machinery compared to £1.8m in 2018. Major investment has gradually transformed the Group's manufacturing facilities. The increase in the outstanding balance of depreciation is a drag on the results, but without steady improvements in taking cost out, the ability to compete in the long term is lost permanently. The investments in 2019 were principally in new manufacturing equipment installed in the UK and USA. More detail is given in the Strategic Report. In the current year, we have no major planned investment in new machinery and the focus is on completing existing projects.

In January, we announced an investment in a new 2,200m^2 facility to enable 4B France to relocate from their outdated and inadequate premises. The decision to construct a modern office and warehouse unit for 4B France, our European distribution business, was a major part of our strategy to mitigate against the potential negative effects of a "No deal" Brexit but remains an essential step to maintain and grow our sales in the European market.

Leasing proved difficult and cost prohibitive and would have necessitated moving to a more expensive location, in Amiens, 25km away, and also required us to compensate our staff for an increase in their commuting distance. Instead, we purchased land from an adjacent commune, Villers Bretonneux, and are constructing new bespoke premises, which will improve operating efficiencies and have the additional benefit of almost immediate access to the French motorway network. The total project cost is €2.2m, financed by a cash investment of €0.5m and bank loans of €1.7m borrowed at 1.3% per annum. Relocation is planned for February 2021.

Cash and financial position

After funding capital investments, expenditure and working capital, cash outflow at the end of 2019 was £0.8m. More detail follows in the Strategic Review. Currently, the Group has available headroom of £2.3m which we believe is more than sufficient to operate the business, even allowing for the current exceptional circumstances.

Free Trade Agreement with the EU

After three years wasted by internal fighting, and following the clear result of the last UK election, the UK finally left the EU on the 31st January 2020. Hopefully this painful chapter is finally closed and the position of the UK Government is unambiguous. Although the UK and EU have not yet reached agreement on the terms of a Free Trade Deal, given that it remains in their mutual self-interest, and even more so now in the dire economic circumstances caused by the Coronavirus epidemic, a failure to do so is almost unimaginable. No doubt, as usual, final agreement will only be achieved at the very last moment.

Dividend

In October 2019 the first interim dividend was increased from 3.5p to 3.6p. It had been the Board's intention to increase the second interim dividend but after careful thought, the directors have decided it is no longer appropriate to do so and instead have decided to maintain last year's dividend of 8.0p, making a total dividend for the year of 11.6p. The second interim dividend of 8.0p will be paid on the 5th June 2020 to the holders of Ordinary and 'A' Ordinary Shares on the 22nd May 2020.

2020 AGM

At the time of writing, the UK government has prohibited public gatherings and non-essential travel. The 2020 AGM will therefore be run as a closed meeting and shareholders will unfortunately not be able to attend in person. Shareholders are strongly encouraged to submit a proxy vote in advance of the meeting and details of how to do this can be found on the notes to the Notice of the Meeting within the Annual Report. Shareholders are encouraged to appoint the Chairman of the meeting as their proxy rather than a named person who will not be permitted to attend the meeting. This will ensure your votes are cast in accordance with your wishes.

The Annual General Meeting of the members of the Company will be held at the registered office of the company at Hunslet Road, Leeds, LS10 1JZ on Monday 29th June 2020 at 11.45am. The Annual Report and financial statements will be sent to shareholders by 1st June 2020 and will also be available on the Company's website (www.braimegroup.com) from that date.

Longer-term outlook and strategy

In both March and April, we have achieved sales revenues very close to our original budget set in December 2019 and demand is likely to remain at similar levels for the next few months. While forward orders have now fallen very slightly, our customers advise us that they currently have several months backlog for projects for completion in 2020, which has built up due to the temporary closure of construction sites. So, our subsidiaries are hopeful of a "bounce" once manufacturing and construction sites re-open.

It is important to emphasise that this is all subject to change, as we are in unknown territory and whilst the Group is currently in a relatively fortunate position, we are taking the necessary steps to ensure we remain flexible, carefully managing our cashflow, and keeping expenditure under constant review.

Going further forward, a decline in the new build of commercial vehicles is a strong possibility as demand for new commercial vehicles is likely to fall in the current climate. Similarly, while our OEM customers who manufacturing new handling and processing facilities, currently have full order books for projects to be completed in 2020, it is likely that order books will not be refilled quickly by new equipment for projects in 2021, as the appetite for risk and investment declines and finance becomes less available.

We need to start immediately on finding new ways of working for all our staff, both those on site and those working from home. At the same time, we must prepare ourselves for the likelihood of lower demand while the world economy struggles to recover and concentrate ourselves on reducing cost and increasing efficiency.

Our policy has always been to stay close to our customers and we will have to find innovative ways of achieving this. Above all we need to refocus on our long-term strategy of introducing new products and new customers to compensate for the decline in existing products if we are to maintain the recent growth of the Braime Group.

Nicholas Braime, Chairman

12th May 2020

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The directors present their strategic report of the Company and the Group for the year ended 31st December 2019.

Principal activities

The principal activities of the Group during the year under review was the manufacture of deep drawn metal presswork and the distribution of material handling components and monitoring equipment. Manufacturing activity is delivered through the Group's subsidiary Braime Pressings Limited and the distribution activity through the Group's 4B division.

Braime Pressings specialises in metal presswork, including deep drawing, multi-stage progression and transfer presswork. Founded in 1888, the business has over 130 years of manufacturing experience. The metal presswork segment operates across several industries including the automotive sector and supplies external as well as group customers.

The subsidiaries within the 4B division are industry leaders in developing high quality, innovative and dependable material handling components for the agricultural and industrial sectors. They provide a range of complementary products including elevator buckets, elevator and conveyor belting, elevator bolts and belt fasteners, forged chain, level monitors and sensors and controllers for monitoring safety and providing preventative maintenance systems which facilitate handling and minimise the risk of explosion in hazardous areas. The 4B division has operations in the Americas, Europe, Asia, Australia and Africa and export to over fifty countries. The US subsidiary also has a new injection-molding plant. All injection-molded products are made wholly for internal consumption and this is classed as 4B division activity rather than included in the manufacturing segment.

Performance highlights

For the year ended 31st December 2019, the Group generated revenue of £33.4m, down £2.3m from prior year. Profit from operations was £2.2m, down £1.0m from prior year. EBITDA was £3.5m. At 31st December 2019, the Group had net assets of £14.3m. The full year results are in line with expectations at the half-year, when there were indications that the agricultural markets globally were seeing a reduction in activity, in part due to the continuing US-Sino tariff retaliations.

Cash flow

Inventories increased by £0.7m and trade and other receivables decreased by £1.0m reflecting the reduced sales activity. These were partly offset by a decrease in our trade and other payables of £1.5m. In total the business generated funds from operations of £1.7m (2018 - £2.4m). The group maintained its programme of investment during the year, spending £1.7m on capital items. After the payment of other financial costs and the dividend, the cash balance (net of overdraft) was £0.7m, a decrease of £0.8m from the prior year.

Bank facilities

The Group's operating banking facilities are renewed annually. The arrangements with HSBC provide sufficient headroom to the Group and have allowed us to make the necessary investments in the year. The business has good relations with its bankers who are cognizant of the general economic uncertainties facing the business as a result of the corona virus outbreak and the yet unknown trading rules that will apply when transitional arrangements for Brexit terminate at the end of the year. The Group has kept abreast of government backed loans and grants and will apply for relevant funding as appropriate to its needs.

Taxation

The tax charge for the year was £0.4m, with an effective rate of tax of 23% (2018 – 26%). The effective rate is higher than the standard UK tax rate of 19% (2018 – 19%), this results from the blending effect of the different rates of tax applied by each of the countries in which the Group operates, in particular, our operations in the US less group reliefs available from losses. In any financial year the effective rate will depend on the mix of countries in which profits are made, however the Group continues to review its tax profile to minimise the impact.

Capital expenditure

In 2018, the Group invested £1.7m (2018 - £1.8m) in plant and equipment. £0.3m relates to the purchase of a new injection molding machine in the USA. Other major investments relate to installation of two hydraulic presses and a bolt forming machine in the UK, as well as a 190KW solar panel system which will provide circa 25% of the UK businesses' electricity requirements. The Group also introduced an automated components washer. Our chief investment plan in 2020 is the set-up of a new warehouse for 4B France at a cost of €2.2m. This will be partly funded from existing cash resources and bank facilities. In addition, Bank of Credit du Nord and BPI-France are jointly providing a loan of €1.7m repayable over 15 years at an interest rate of 1.3%. In the light of the Covid-19 pandemic we are keeping a careful review of the timing of funds draw-down.

Balance sheet

Net assets of the Group have increased to £14.3m (2018 - £13.3m). A foreign exchange loss of £0.3m (2018 – gain of £0.2m) was recorded on the re-translation of the net assets of the overseas operations, which has decreased retained earnings in the year.

Principal exchange rates

The Group reports its results in sterling, its presentational currency. The Group operates in six other currencies and the principal exchange rates in use during the year and as at 31st December 2018 are shown in the table below. Following the exit of the UK from the EU, sterling strengthened against many of the currencies in which we operate and consequently as mentioned above the Group's reserves decreased by £0.3m from losses in foreign currency translations.

Currency	Symbol	Average rate Full year 2019	Average rate Full year 2018	Closing rate 31st Dec 2019	Closing rate 31st Dec 2018
Australian Dollar	AUD	1.8399	1.787	1,8834	1.809
Chinese Renminbi (Yuan)	CNY	8.8096	8.700	9.1501	8.676
Euro	EUR	1.1443	1.130	1.1765	1.115
South African Rand	ZAR	18.4531	17.627	18.5475	18.364
Thai Baht	THB	39.5778	42.962	39.3460	41.301
United States Dollar	USD	1.2807	1.332	1.3210	1.277

Our business model

The two segments of the Group are very different operations and serve different markets, however together they provide diversification, strength and balance to the Group and their activities.

The focus of the manufacturing business is to produce quality, technically demanding components. The use of automated equipment allows us to produce in high volumes whilst maintaining flexibility to respond to customer demands.

The material handling components business operates from a number of locations around the globe allowing us to be close to our core markets. The focus of the business is to provide innovative solutions drawing on our expertise in material handling and access to a broad product range.

Performance of Braime Pressings Limited, manufacturer of deep drawn metal presswork

Braime Pressings Limited sales fell by £1.3m compared to prior year. Intercompany sales and external sales were £3.4m each as compared to £3.9m and £4.3m respectively in 2018. This has resulted in a loss for the period of £0.3m (2018 – profit £0.1m). The manufacturing arm continues to face pricing pressures in a highly competitive environment, however the board believes the business continues to add strategic value through its supply to the 4B division and complementary engineering expertise.

Performance of the 4B division, world wide distributor of components and monitoring systems for the material handling industry

Revenues fell from £37.9m to £36.2m, with external sales down £1.4m. The 4B group sales were affected by the US-Sino trade war but a significant reduction in sales was in the UK and European market which fell by £1.4m compared to 2018. Last year's sales were particularly high due to stock build in anticipation of Brexit. Profit for the period fell by £0.6m to £1.8m as a result of reduced sales.

We continue to invest in product development and enhance features of our secure, cloud based industrial monitoring solution, Hazardmon which is revolutionary for introducing greater levels of transparency and record keeping.

The Covid-19 pandemic casts a long shadow over the global economy and all businesses. It is too early to assess its impact on the Group's performance in 2020 and revenues and profits may be affected over the coming months. The Group's underlying business model is on a solid base and its wide geographical presence in the agricultural equipment sector, which is essential for the maintenance of food supply, provides it with some buffer in the current turbulent economic climate. With the continuing support of its bankers, the loyalty of its dedicated employees and its longstanding customers and partners, the Group remains positive it will weather these adversities.

Key performance indicators

The Group uses the following key performance indicators to assess the performance of the Group as a whole and of the individual businesses:

Key performance indicator	Note	2019	2018
Turnover growth	1	(6.4%)	13.6%
Gross margin	2	49.1%	48.4%
Operating profit	3	£2.21m	£3.24m
Stock days	4	176 days	141 days
Debtor days	5	57 days	56 days

Notes to KPI's

1. Turnover growth

The Group aims to increase shareholder value by measuring the year on year growth in Group revenue. Whilst 2019 is down on the prior year, 2018 was an exceptional year, with sales increasing from stock-build up by customers in anticipation of Brexit.

2. Gross margin

Gross profit (revenue plus change in inventories less raw materials used) as a percentage of revenue is monitored to maximise profits available for reinvestment and distribution to shareholders. The year on year improvement in margin has resulted from operational efficiencies in the supply chain.

3. Operating profit

Sustainable growth in operating profit is a strategic priority to enable ongoing investment and increase shareholder value. Reduced turnover has impacted operating profit which has also been affected by the sterling strengthening. The Group's investment in new plant and machinery over the past two years has increased its depreciation expense.

4. Stock days

The average value of inventories divided by raw materials and consumables used and changes in inventories of finished goods and work in progress expressed as a number of days is monitored to ensure the right level of stocks are held in order to meet customer demands whilst not carrying excessive amounts which impacts upon working capital requirements. Stockholding has increased in part due to the timing of orders in the UK close to the year end.

5. Debtor days

The average value of trade receivables divided by revenue expressed as a number of days. This is an important indicator of working capital requirements. Debtor days still average within the standard payment terms of 60 days, however senior management are focused on reducing this to improve cash.

Other metrics monitored weekly or monthly include quality measures (such as customer complaints), raw materials buying prices, capital expenditure, line utilisation, reportable accidents and near-misses.

Adoption of new standard IFRS 16

The Group adopted IFRS 16 at 1st January 2019. Please refer to note 9 of the financial statements.

Principal risks and uncertainties

Coronavirus Covid-19

At the time of writing, the Covid-19 pandemic presents by far the largest risk and uncertainty facing all businesses world-wide. The risk presents itself in various forms, including but not limited to the threat of continuity of supplies, the health of our employees, the ability of customers to meet payments, and currency fluctuations resulting from government interventions.

Principal risks and uncertainties (continued)

The Group supplies essential components parts into the agricultural materials handling sector and it is anticipated that governments will take all necessary steps to protect the food supply chain. Consequently, the Group does not expect that governments will shut down its operations (at least not for any length of time) as has been the case with the hospitality and leisure industries. Early indications are that demand for staple milled products such as rice and flour is on the increase. Nevertheless, threats emerge from key personnel becoming infected with the virus, suppliers being unable to fulfil orders, be it raw materials or inventory supplies or logistics partners unable to conduct deliveries. The Group has invoked its Business Continuity Plan and as far as possible put in place contingency measures to maintain operations, including the retraining of personnel in key processes, social distancing and reviewing alternative suppliers. The Group's key objective is to ensure the safety and well-being of our employees, while continuing to trade as normally as possible. The Group is closely monitoring developments with its various subsidiaries as new announcements unfold, to ensure that the businesses can respond with agility to guidance and mandates, and in order to avail itself of the relevant government support as they become available.

General risks

The market remains challenging for our manufacturing division, due to pricing pressures throughout the supply chain. The maintenance of the TS16949 quality standard is important to the Group and allows it to access growing markets within the automotive and other sectors. A process of continual improvement in systems and processes reduces this risk as well as providing increased flexibility to allow the business to respond to customer requirements.

Our 4B division maintains its competitive edge in a price sensitive market through the provision of engineering expertise and by working closely with our suppliers to design and supply innovative components of the highest standard. In addition, ranges of complementary products are sold into different industries. The monitoring systems are developed and improved on a regular basis.

The directors receive monthly reports on key customer and operational metrics from subsidiary management and review these. The potential impact of business risks and actions necessary to mitigate the risks, are also discussed and considered at the monthly board meetings. During the year the directors undertook a formal business continuity planning exercise with respect to its UK operations. The more significant risks and uncertainties faced by the Group are set out below:-

- **Raw material price fluctuation**:- The Group is exposed to fluctuations in steel and other raw material prices and to mitigate this volatility, the Group fixes its prices with suppliers where possible.

- **Reputational risk**:- As the Group operates in relatively small markets any damage to, or loss of reputation could be a major concern. Rigorous management attention and quality control procedures are in place to maximise right first time and on time delivery. Responsibility is taken for ensuring swift remedial action on any issues and complaints.

- **Damage to warehouse or factory:-** Any significant damage to a factory or warehouse will cause short-term disruption. To mitigate these risks, the Group has arrangements with key suppliers to step up supply in the event of a disruption.

- **Brexit impact:-** The Group, along with other businesses, faces economic and political uncertainty in the future resulting from the UK leaving the EU as the trade deal with the EU is yet to be determined when the transitional arrangements end on 31st December 2020. However, the directors consider that its operations in Europe provide the group with further trading options and the fact that three-quarters of the Group's revenues are derived from markets outside the EU provides the Group with some resilience to any impact.

- **Economic fluctuations**:- The Group derives a significant proportion of its profits from outside the UK and is therefore sensitive to fluctuations in the economic conditions of overseas operations including foreign currency fluctuations.

Financial instruments

The operations expose the Group to a variety of financial risks including the effect of changes in interest rates on debt, foreign exchange rates, credit risk and liquidity risk.

The Group's exposure in the areas identified above are discussed in note 17 of the financial statements.

The Group's principal financial instruments comprise sterling and foreign cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from operations. The main risks arising from the Group's financial instruments can be analysed as follows:

Price risk

The Group has no significant exposure to securities price risk, as it holds no listed equity instruments.

Financial instruments (continued)

Foreign currency risk

The Group has a centralised treasury function which manages the Group's banking facilities and all lines of funding. Forward contracts are on occasions used to hedge against foreign exchange differences arising on cash flows in currencies that differ from the operational entity's reporting currency.

Credit risk

The Group's principal financial assets are bank balances, cash and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Credit risk is mitigated by a stringent management of customer credit limits by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The Group also has credit insurance in place. The amounts presented in the balance sheet are net of allowance for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's policy has been to ensure continuity of funding through acquiring an element of the Group's fixed assets under finance leases and arranging funding for operations via medium-term loans and overdrafts to aid short term flexibility.

Cash flow interest rate risk

Interest rate bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft is at market rate and the Group's policy is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows.

The directors monitor the level of borrowings and interest costs to limit any adverse effects on the financial performance of the Group.

Health and safety

We maintain healthy and safe working conditions on our sites and measure our ability to keep employees and visitors safe. We continuously aim to improve our working environments to ensure we are able to provide a safe occupational health and safety standards to our employees and visitors. The directors receive monthly H&S reports and we carry out regular risk management audits to identify areas for improvement and to minimise safety risks. Our H&S manager has been involved in formulating plans and procedures in the event of an outbreak of the Covid-19 virus in our premises. As part of our precautionary measures we have introduced social distancing and hand sanitisers in our factory and those able to work from home are enabled to do so. As a global business, the Group is able to tap into the experience of its various international locations to share best practice and learning points.

Research and development

The Group continues to invest in research and development and regularly liaises with university engineering groups with a view to improving features of its products. This has resulted innovations in the products which will benefit the Group in the medium to long term.

Duties to promote the success of the Company

Section 172 of the Companies Act 2006 requires the directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole, and in doing so have regard (amongst other matters) to:

- the most likely consequences of any decision in the long term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between the members of the Company.

Duties to promote the success of the Company (continued)

The Board confirms that, during the year, it has had regard to the matters set out above. Further details as to how the directors have fulfilled their duties are set out below and in the Governance Report within the Annual Report which in particular, expands on directors' duties and stakeholder liaison.

Business ethics and human rights

The Board is respectful of the Company's long history, and considers the long-lasting impact of it decisions. We are committed to conducting our business ethically and responsibly, and treating employees, customers, suppliers and shareholders in a fair, open and honest manner. As a business, we receive audits by both our independent auditors and by our customers and we look to source from suppliers who share our values. We encourage our employees to provide feedback on any issues they are concerned about and have a whistle-blowing policy that gives our employees the chance to report anything they believe is not meeting our required standards.

The Group is similarly committed to conducting our business in a way that is consistent with universal values on human rights and complying with the Human Rights Act 1998. The Group gives appropriate consideration to human rights issues in our approach to supply chain management, overseas employment policies and practices. Where appropriate, we support community partnering.

Employees

The quality and commitment of our people has played a major role in our business success. This has been demonstrated in many ways, including improvements in customer satisfaction, the development of our product lines and the flexibility they have shown in adapting to changing business requirements. Employee performance is aligned to the achievement of goals set within each subsidiary and is rewarded accordingly. Employees are encouraged to use their skills to best effect and are offered training either externally or internally to achieve this. As a global business, the Group fully recognises and seeks to harness the benefits of diversity within its work force. The Group is grateful to its employees for continuing to come to work in what is a worrying time for themselves and their families.

Environment

The Group's policy with regard to the environment is to understand and effectively manage the actual and potential environmental impact of our activities. Operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. The Group continuously looks for ways to harness energy reduction (electricity and gas) and water. In 2019, the Company installed a 190KW solar system on its UK premises, this green energy will provide 25% of the UK's current electricity requirements. During the period of this report the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Social and community matters

We recognise our responsibility to work in partnership with the communities in which we operate and we encourage active employee support for their community in particular, in aid of technical awareness and training. During the year, we participated in a number of education events encouraging interest in engineering in young people. It is our policy not to provide political donations.

Consolidated income statement for the year ended 31st December 2019 (audited)

	2019 £'000	2018 £'000
Revenue	**33,433**	35,718
Changes in inventories of finished goods and work in progress	**959**	1,229
Raw materials and consumables used	**(17,986)**	(19,677)
Employee benefits costs	**(8,530)**	(8,300)
Depreciation and amortisation expense	**(1,236)**	(788)
Other expenses	**(4,737)**	(4,940)
Other operating income	**318**	-
Profit from operations	**2,221**	3,242
Finance expense	**(477)**	(227)
Finance income	**2**	2
Profit before tax	**1,746**	3,017
Tax expense	**(397)**	(788)
Profit for the year	**1,349**	2,229
Profit attributable to:		
Owners of the parent	**1,360**	2,178
Non-controlling interests	**(11)**	51
	1,349	2,229
Basic and diluted earnings per share	**94.44p**	151.25p

1. The Group has initially applied IFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, comparative information is not re-stated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

Consolidated statement of comprehensive income for the year ended 31st December 2019 (audited)

	2019 £'000	2018 £'000
Profit for the year	**1,349**	2,229
Items that will not be reclassified subsequently to profit or loss		
Net pension remeasurement gain on post employment benefits	**178**	76
Items that may be reclassified subsequently to profit or loss		
Foreign exchange (losses)/gains on re-translation of overseas operations	**(323)**	206
Other comprehensive income for the year	**(145)**	282
Total comprehensive income for the year	**1,204**	2,511
Total comprehensive income attributable to:		
Owners of the parent	**1,231**	2,481
Non-controlling interests	**(27)**	30
	1,204	2,511

Consolidated balance sheet at 31st December 2019 (audited)

	2019 £'000	2018 £'000
Assets		
Non-current assets		
Property, plant and equipment	**6,824**	6,232
Intangible assets	**48**	61
Rights of use assets (see note below)	**278**	-
Total non-current assets	**7,150**	6,293
Current assets		
Inventories	**8,573**	7,872
Trade and other receivables	**5,697**	6,820
Cash and cash equivalents	**1,679**	2,313
Total current assets	**15,949**	17,005
Total assets	**23,099**	23,298
Liabilities		
Current liabilities		
Bank overdraft	**1,016**	832
Trade and other payables	**3,808**	5,493
Other financial liabilities	**2,163**	1,870
Corporation tax liability	**19**	249
Total current liabilities	**7,006**	8,444
Non-current liabilities		
Financial liabilities	**1,384**	1,256
Deferred income tax liability	**360**	265
Total non-current liabilities	**1,744**	1,521
Total liabilities	**8,750**	9,965
Total net assets	**14,349**	13,333
Share capital	**360**	360
Capital reserve	**257**	257
Foreign exchange reserve	**(6)**	301
Retained earnings	**14,084**	12,734
Total equity attributable to the shareholders of the parent	**14,695**	13,652
Non-controlling interests	**(346)**	(319)
Total equity	**14,349**	13,333

1. The Group has initially applied IFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, comparative information is not re-stated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

Consolidated cash flow statement for the year ended 31st December 2019 (audited)

	2019	2018
	£'000	£'000
Operating activities		
Net profit	**1,349**	2,229
Adjustments for:		
Depreciation and amortisation	**1,236**	788
Foreign exchange (losses)/gains	**(255)**	158
Finance income	**(2)**	(2)
Finance expense	**477**	227
Loss on sale of land and buildings, plant, machinery and motor vehicles	**(12)**	15
Adjustment in respect of defined benefits scheme	**93**	158
Income tax expense	**397**	788
Income taxes paid	**(451)**	(871)
	1,483	1,261
Operating profit before changes in working capital and provisions	**2,832**	3,490
Decrease/(increase) in trade and other receivables	**1,044**	(580)
Increase in inventories	**(701)**	(1,441)
(Decrease)/increase in trade and other payables	**(1,499)**	977
	(1,156)	(1,044)
Cash generated from operations	**1,676**	2,446
Investing activities		
Purchases of property, plant, machinery and motor vehicles and intangible assets	**(1,660)**	(1,767)
Sale of land and buildings, plant, machinery and motor vehicles	**27**	32
Interest received	**2**	2
	(1,631)	(1,733)
Financing activities		
Proceeds from long term borrowings	**728**	792
Repayment of borrowings	**(459)**	(349)
Repayment of hire purchase creditors	**(281)**	(276)
Repayment of lease liabilities	**(210)**	-
Bank interest paid	**(426)**	(198)
Lease interest paid	**(48)**	-
Hire purchase interest paid	**-**	(29)
Dividends paid	**(167)**	(153)
	(863)	(213)
(Decrease)/increase in cash and cash equivalents	**(818)**	500
Cash and cash equivalents, beginning of period	**1,481**	981
Cash and cash equivalents, end of period	**663**	1,481

Consolidated statement of changes in equity for the year ended 31st December 2019 (audited)

	Share Capital £'000	Capital Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000	Non-Controlling Interests £'000	Total Equity £'000
Balance at 1st January 2018	360	257	74	10,633	11,324	(349)	10,975
Comprehensive income							
Profit	-	-	-	2,178	2,178	51	2,229
Other comprehensive income							
Net pension remeasurement gain recognised directly in equity	-	-	-	76	76	-	76
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations	-	-	227	-	227	(21)	206
Total other comprehensive income	-	-	227	76	303	(21)	282
Total comprehensive income	-	-	227	2,254	2,481	30	2,511
Transactions with owners							
Dividends	-	-	-	(153)	(153)	-	(153)
Total transactions with owners	-	-	-	(153)	(153)	-	(153)
Balance at 1st January 2019	**360**	**257**	**301**	**12,734**	**13,652**	**(319)**	**13,333**
Comprehensive income							
Profit	**-**	**-**	**-**	**1,360**	**1,360**	**(11)**	**1,349**
Other comprehensive income							
Net pension remeasurement gain recognised directly in equity	**-**	**-**	**-**	**178**	**178**	**-**	**178**
Foreign exchange gains on re-translation of overseas subsidiaries consolidated operations	**-**	**-**	**(307)**	**-**	**(307)**	**(16)**	**(323)**
Total other comprehensive income	**-**	**-**	**(307)**	**178**	**(129)**	**(16)**	**(145)**
Total comprehensive income	**-**	**-**	**(307)**	**1,538**	**1,231**	**(27)**	**1,204**
Transactions with owners							
Dividends	-	-	-	**(167)**	**(167)**	-	**(167)**
Total transactions with owners	-	-	-	**(167)**	**(167)**	-	**(167)**
Balance at 31st December 2019	**360**	**257**	**(6)**	**14,084**	**14,695**	**(346)**	**14,349**

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 Braime Group PLC as the numerator.

The weighted average number of outstanding shares used for basic earnings per share amounted to 1,440,000 shares (2018 – 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid	**2019**	2018
	£'000	£'000
Equity shares		
Ordinary shares		
Interim of 8.00p (2018 – 7.10p) per share paid on 17th May 2019	**38**	34
Interim of 3.60p (2018 – 3.50p) per share paid on 18th October 2019	**17**	17
	55	51
'A' Ordinary shares		
Interim of 8.00p (2018 – 7.10p) per share paid on 17th May 2019	**77**	68
Interim of 3.60p (2018 – 3.50p) per share paid on 18th October 2019	**35**	34
	112	102
Total dividends paid	**167**	153

An interim dividend of 8.00p per Ordinary and 'A' Ordinary share will be paid on 5th June 2020.

2. SEGMENTAL INFORMATION

	Central	**Manufacturing**	**Distribution**	**Total**
	2019	**2019**	**2019**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Revenue				
External	**-**	**3,416**	**30,017**	**33,433**
Inter Company	**2,104**	**3,440**	**6,224**	**11,768**
Total	**2,104**	**6,856**	**36,241**	**45,201**
Profit				
EBITDA	**851**	**(244)**	**2,850**	**3,457**
Finance costs	**(305)**	**(27)**	**(145)**	**(477)**
Finance income	**-**	**-**	**2**	**2**
Depreciation and amortisation	**(607)**	**(18)**	**(611)**	**(1,236)**
Tax expense	**(114)**	**39**	**(322)**	**(397)**
(Loss)/profit for the period	**(175)**	**(250)**	**1,774**	**1,349**
Assets				
Total assets	**5,529**	**3,657**	**13,913**	**23,099**
Additions to non current assets	**1,138**	**76**	**607**	**1,821**
Liabilities				
Total liabilities	**852**	**1,768**	**6,130**	**8,750**

2. SEGMENTAL INFORMATION (CONTINUED)

	Central 2018 £'000	Manufacturing 2018 £'000	Distribution 2018 £'000	Total 2018 £'000
Revenue				
External	-	4,291	31,427	35,718
Inter Company	695	3,891	6,452	11,038
Total	695	8,182	37,879	46,756
Profit				
EBITDA	387	187	3,456	4,030
Finance costs	(116)	(36)	(75)	(227)
Finance income	-	-	2	2
Depreciation	(464)	-	(324)	(788)
Tax expense	(19)	(55)	(714)	(788)
(Loss)/profit for the period	(212)	96	2,345	2,229
Assets				
Total assets	5,009	3,202	15,087	23,298
Additions to non current assets	650	-	1,149	1,799
Liabilities				
Total liabilities	3,713	2,127	4,125	9,965

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2019 as described in those financial statements.

4. ANNUAL GENERAL MEETING

At the time of writing, the UK Government has prohibited public gatherings of more than two people and non-essential travel, save in certain limited circumstances. In light of these measures, the 2020 AGM will be run as a closed meeting and shareholders will not be able to attend in person. The Company will make arrangements such that the legal requirements to hold the meeting can be satisfied through the attendance of a minimum number of people and the format of the meeting will be purely functional.

The Annual General Meeting of the members of the company will be held at the registered office of the company at Hunslet Road, Leeds, LS10 1JZ on Monday 29th June 2020 at 11.45am. The annual report and financial statements will be sent to shareholders by 1st June 2020 and will also be available on the company's website (www.braimegroup.com) from that date.

5. THE ANNOUNCEMENT

The financial information set out in this announcement does not constitute statutory accounts as defined by section 434 of the Company Act 2006. The financial information for the year ended 31st December 2019 has been extracted from the Group's financial statements upon which the auditor's opinion is unqualified, does not include reference to any matters to which they wish to draw attention by way of emphasis without qualifying their report, and does not include any statement under section 498 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2018 have been delivered to the Registrar of Companies, and those for 2019 will be delivered in due course.

6. EVENTS AFTER THE REPORTING PERIOD

The Coronavirus (Covid-19) pandemic, which began as an outbreak in China in January 2020, very quickly spread across to Europe and the rest of the world and is affecting all businesses for an indeterminate period. In common with all other businesses in its sector, the Group's trading subsidiaries in all locations have been impacted by the pandemic.

At the date of approval of the financial statements it has not been possible to quantify or ascertain with any certainty the financial impact of Covid-19. As it is a non-adjusting event occurring after the year end, no adjustments have been made to any figures in the financial statements as a result of the pandemic.