DIRECTORS	O. N. A. Braime, M.A., M.B.I.M. *(Chairman)* J. A. H. Braime, M.A. *(Managing Director)* D. H. Brown, F.C.A. P. J. O. Alcock, B. Eng. *(Non-executive Director)*
SECRETARY	D. H. Brown, F.C.A.
REGISTERED OFFICE	Hunslet Road, Leeds LS10 1JZ
AUDITORS	BDO Stoy Hayward LLP Chartered Accountants and Registered Auditors 1 City Square, Leeds LS1 2DP
BANKERS	National Westminster Bank plc 8 Park Row, Leeds LS1 1QS
STOCKBROKERS	Westhouse Securities Clements House, 14-18 Gresham Street, London EC2N 7NN
COMPANY REGISTRATION NUMBER	488001 (England and Wales)

Chairman's Statement

After a loss of £165,000 for the first six months, the group made a recovery in the second half to end the year with a profit after tax of £54,000, compared to a loss of £48,000 in 2003.

The directors have decided to pay a final dividend of 3.00p (2003 – 4.00p), the maximum possible without using reserves, making a total dividend for the year of 3.00p (2003 – 5.80p). The final dividend will be paid on 3rd May 2005 to shareholders on the register on 18th March 2005.

Braime Pressings Limited

The combination of insufficient sales volume and the pressure on margins caused by the over 50% increase in the cost of steel forced Braime Pressings Limited into a substantial first half loss. However, with the benefit of increased business secured in the second half of the year, the company was able to claw back some of the earlier loss.

Braime Elevator Components Limited

Sales remained almost unchanged from 2003. Reductions in operating costs resulted in an increase in profit.

4B Elevator Components Limited

Overall margins were largely maintained despite the problems caused by the continuing low value of the US dollar. The operating profit was reduced, partly due to a drop in sales but primarily due to a large and exceptional investment in research and development costs.

Sarl S.E.T.E.M.

The rising value of the euro relative to the US dollar caused a collapse in the export sales of French equipment manufacturers. Sales volume and margins at Setem fell sharply and the company made a loss.

4B Sudamerica S.A.

Sales increased but margins were reduced by rising material costs. The company was in profit but at a level which had no substantive effect on the group result.

Chairman's Statement - *continued*

Investment

A major capital investment was made in two automated press lines, either side of the year end, which will enable Braime Pressings Limited to secure additional profitable volume.

4B Elevator Components Limited successfully completed its two year investment programme in an entirely new range of elevator buckets. Elsewhere in the group, research and development expense was invested in further developing our electronic products.

Staff

2004 has been a particularly difficult year and staff throughout the group have worked tirelessly to support management and colleagues to achieve the "turnaround" from the large first half loss to the small final year profit. We thank them for their contribution.

Outlook

Margins on existing sales of presswork continue to be squeezed by our customers and it remains difficult to find new long term contracts of sufficient volume to sustain the profitability of Braime Pressings Limited.

However, the recent investment in new plant will enable the company to quote very competitively for components for the "white goods" industry, a sector which we have targeted for increased business.

Setem apart, the companies making up the material handling components division of the group have continued to trade profitably and are expected to increase their contribution to group profit in 2005. To bolster the sales of Setem a new product line will be launched in France in April and a sales office attached to Setem has been opened in Germany.

Overall we are cautiously optimistic that the recovery can be maintained in 2005 but much will depend on us being able to maintain a level of volume through our manufacturing business sufficient to cover our existing factory overhead.

Nicholas Braime

4th March 2005

Directors' Report

The directors present their annual report, together with the accounts for the year ended 31st December 2004.

ACTIVITIES

The principal activities of the group are the manufacture of metal presswork and the distribution of bulk material handling components, trading from locations in England, France, the United States and Argentina.

The principal activity of the company is that of a holding company and a lessor of land and buildings to group companies.

REVIEW OF THE BUSINESS

A summary of the results of the year's trading is given on page 16 of the accounts.
The chairman's statement on pages 3 and 4 reviews the development of the business and is adopted as part of this report.

RESULTS AND DIVIDENDS

	£	£
Net profit on ordinary activities for the year after taxation (2003 – loss £48,038)		**53,942**
Deduct:		
Dividends on Ordinary and 'A' Ordinary shares:		
Final proposed 3.00p per share (2003 – 4.00p)	**43,200**	
Dividend on Preference shares:		
5.00p per share (2003 – 5.00p)	**9,000**	**52,200**
Transferred to reserves		**1,742**

It is recommended that the proposed final dividend of 3.00p per share be paid on 3rd May 2005.

DIRECTORS

The directors during the year and their beneficial and non-beneficial interests in the shares of the company are detailed below:

	31st December 2004		1st January 2004	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
O. N. A. Braime				
Preference shares	**100**	–	100	–
Ordinary shares	**74,100**	–	74,100	–
J. A. H. Braime				
Preference shares	**100**	–	100	–
Ordinary shares	**84,533**	**17,000**	117,033	8,500
'A' Ordinary shares	**45,900**	–	45,900	–
D. H. Brown				
Preference shares	**100**	–	100	–
Ordinary shares	**100**	–	100	–
P. J. O. Alcock				
Ordinary shares	**1,000**	–	1,000	–
'A' Ordinary shares	**2,500**	–	2,500	–

In accordance with the company's articles of association J. A. H. Braime and P. J. O. Alcock retire by rotation and, being eligible, offer themselves for re-election.

None of the directors had a beneficial interest in any contract to which the company or a subsidiary company was a party during the financial year.

Directors' Report *– continued*

SUBSTANTIAL SHAREHOLDINGS

So far as is known at 4th March 2005, apart from the directors, only the following persons are beneficially interested in more than 3% of the Ordinary shares of the company:

	Ordinary shares held	Percentage
Manor Associates Limited	48,495	10.10
Mr C. O. Braime	30,475	6.35
Mr A. Q. Braime	30,325	6.32
Mrs L. V. Deacon	30,100	6.27
Mrs P. V. Smith	27,500	5.73
Mrs A. Barnes	17,775	3.70
Mr C. C. D. Braime	15,500	3.23
Mr J. B. H. Braime	15,500	3.23

CORPORATE GOVERNANCE

The board is accountable to the company's shareholders for good governance and supports the principles identified in the "Combined Code on Corporate Governance" issued by the Financial Reporting Council in July 2003 ("Combined Code"). The board believes that regard needs to be given to ensure that the implementation of the Combined Code is commensurate with the requirements of a group of this size.

The statement below describes how the group has applied the principles of the Combined Code.

1. Directors

1.1 The board consists of a non-executive director, P. J. O. Alcock, and 3 executive directors. O. N. A. Braime is the Chairman and J. A. H. Braime is the Managing Director.

1.2 The board met 15 times during the reporting period. O. N. A. Braime attended 14 of these meetings, J. A. H. Braime 14, D. H. Brown 15 and P. J. O. Alcock 4.

1.3 The Chairman has no other significant commitments.

1.4 The board is collectively responsible for the success of the group.

1.5 The board meets regularly to review the current state of the group's business and to consider its strategic direction. There is a formal schedule of matters reserved for the board's sole decision, for example capital expenditure and disposal, appointment of senior management, the review of financial performance and risk management policies.

1.6 There is no formal procedure for directors to take independent professional advice. All directors have access to the Company Secretary.

1.7 There is a clear division of responsibility between each director and no one director has unfettered powers of decision. No director has any business or other relationship that interferes with the exercise of independent judgement in board matters.

1.8 The Chairman ensures that the views of the shareholders are communicated to the board as a whole. The Chairman and non-executive director are available to major shareholders to discuss governance and strategy through face to face contact or other suitable means.

1.9 The board meets with shareholders at the Annual General Meeting and deals with any ad hoc enquiries from shareholders as they arise.

1.10 Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election thereafter at intervals of no more than three years. Biographical details of directors are given to shareholders for the purposes of the first election.

1.11 Notice periods for directors are set at one year or less.

Directors' Report - *continued*

2. Going concern

2.1 After making appropriate enquiries the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the group's accounts.

3. Internal controls

3.1 The board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group, which is appropriate to the size and nature of the group. The process has been in place for the year under review and up to the date of approval of the annual report and accounts and is reviewed by the board annually.

3.2 The internal control procedures that have been established to safeguard shareholders' investment and the company's assets are summarised as follows:

3.2.1 Financial information systems
All group companies report their results monthly, prepare periodic budgets and compare those budgets with actual performance.

3.2.2 Control procedures
There are clear systems in place, which define lines of responsibility, segregation of duties and authorisation limits.

3.2.3 Identification of business risk, financial evaluation and the creation of a control environment
All group companies have a defined management structure. Regular management meetings are held, the results of which are made available to the main board. The directors identify, analyse and consider the impact of key business risks, and review these risks on an ongoing basis. There is no formal programme in place for this review.

3.2.4 Monitoring group controls
The directors review the effectiveness of operational control and compliance procedures on an ongoing basis, with special reviews and reports as and when necessary. There is no formal programme in place for this review.

3.3 The board is responsible for the group's system of internal control and for reviewing its effectiveness. This is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. There is no formal programme in place for this review.

4. External audit matters

4.1 The board has responsibility for assessing the independence of the external auditors, BDO Stoy Hayward LLP. The board has had due regard to the document published in May 2003 by the Institute of Chartered Accountants in England and Wales "Reviewing Auditor Independence: guidance for audit committees". Each year the board undertakes to:

4.1.1 Seek reassurance that the external auditors and their staff have no family, financial, employment, investment or business relationship with the company. To this end the board requires the external auditor and their associates to confirm this in writing, and detail the procedures which the auditor has carried out in order to make this confirmation.

4.1.2 Check that all partners engaged in the audit process are rotated at least every 5 years.

4.1.3 Assess the likely impact on the auditors' independence and objectivity before awarding them any contract for additional services.

Directors' Report – *continued*

4. *continued*

4.2 The group's external auditors are engaged to provide tax compliance and advisory services in respect of the company and group. Auditor objectivity and independence has been safeguarded by the use of separate and independent teams. The group's external auditors are also engaged to audit the group pension scheme. The board has considered whether this is appropriate and for a number of reasons has concluded that it was. The audit firm was paid a fee of £1,000 (2003 – £750) in respect of the pension scheme audit.

4.3 Analysis of fees

4.3.1 Audit and non-audit fees charged by BDO Stoy Hayward LLP are given below.

	2004	2003
	£	£
Audit services		
Statutory audit	**23,985**	21,950
Interim review report	**1,980**	2,200
Tax services		
Compliance work	**4,000**	4,000
Advisory services	–	675
Other services		
AGM attendance	**450**	350
Accounts services	**5,000**	11,800
	35,415	40,975

The following statement specifies the provisions of the Combined Code with which the group has not complied. In all cases non-compliance has continued throughout the reporting period.

5. Board balance and independence

5.1 The board does not include two independent non-executive directors. The board believes that due to the small size of the group and the low number of directors, the expense of recruiting a second non-executive director would outweigh the benefits to the company as a whole.

5.2 The board does not have an independent non-executive director. P. J. O. Alcock, the non-executive director, holds shares in the group, as required by the company's Articles of Association for a person to serve as director. He has served as non-executive director for more than nine years and due to the level and length of time of his involvement in the group is no longer considered independent. His experience and knowledge are still considered to be of benefit to the group.

5.3 The board is confident that its membership includes a balance such that no individual can dominate the board's decision taking.

6. Appointments to the board

6.1 There is no nomination committee. The appointment of new directors is a matter for the whole board. The board believes that this process is adequate to maintain an appropriate balance of skills and experience within the company and board.

7. Re-election

7.1 This report does not contain biographical details of directors subject to re-election, however such information will be made available to shareholders by request.

7.2 P. J. O. Alcock has served as a non-executive director for more than nine years. His service contract expired on 10th January 2005 and renewed for a further twelve months.

Directors' Report – *continued*

8. Performance evaluation

8.1 The board evaluates the performance of each director on an ongoing and informal basis. There is no formal system for performance evaluation of the board or individual directors as this is not considered appropriate given the small number of directors.

9. Remuneration policy

9.1 There is no formal procedure for developing policy on executive remuneration.

9.2 The board has not established a remuneration committee.

9.3 The performance related elements of remuneration do not form a significant proportion of the total remuneration package of executive directors. However the directors may receive a discretionary bonus which reflects the results of the group.

9.4 Executive directors' pay is subject to the decision of the whole board. Given the size and make-up of the board, the directors consider this provides the best means to link rewards to corporate and individual performance.

10. Audit committee and internal control

10.1 The board has not established an audit committee. All audit matters raised by the group's auditors are discussed at main board level. Any further action is then delegated to a board director who would then report back to the main board. The board believes that this system, together with the presence of the non-executive director on the board, is sufficient for a group of this size to apply the financial reporting and internal control principles and to maintain an appropriate relationship with the group's auditors.

10.2 P. J. O. Alcock does not have recent relevant financial experience. The board believes that his knowledge of the group and industry experience more than compensates for this factor.

10.3 The board has not applied the Turnbull Guidance in full as it does not believe this is appropriate to a group of this size.

10.4 Specifically, the board has not established an internal audit function as it does not consider this to be appropriate for a group of this size, having taken consideration of the size of the individual sites together with the internal controls in place. The board considers the need for an internal audit function annually.

11. Dialogue with shareholders

11.1 There is no formal system by which the board develops an understanding of the views of major shareholders about their company.

11.2 The Chairman ensures that the views of the shareholders are communicated to the board as a whole. The Chairman and non-executive director are available to major shareholders to discuss governance and strategy through face to face contact or other suitable means.

11.3 The board meets with shareholders at the Annual General Meeting and deals with any ad hoc enquiries from shareholders as they arise.

11.4 The board considers this to be an appropriate means to ensure the views of major shareholders are understood.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement which should be read in conjunction with the report of the auditors set out on pages 11 and 12, is made with a view to distinguishing for shareholders the respective responsibilities of directors and auditors in relation to the accounts.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period.

Directors' Report - *continued*

STATEMENT OF DIRECTORS' RESPONSIBILITIES *continued*

In preparing those accounts the directors are required to:
- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, and disclose and explain any material departures from those standards.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESEARCH AND DEVELOPMENT

The group continues to invest in research and development. This has resulted in improvements in the products which will benefit the company in the medium to long term.

SUBSCRIPTIONS AND DONATIONS

Charitable donations amounting to £1,555 (2003 – £2,728) were paid during the year. There were no donations to political organisations.

TANGIBLE FIXED ASSETS

The directors are of the opinion that the market value of the group's interests in land and buildings substantially exceeds its book value.

PAYMENTS TO SUPPLIERS

It is the company's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the company abides by the agreed payment terms subject to the terms and conditions being met by the supplier.

Wherever possible UK subsidiaries follow the same policy and overseas subsidiaries are encouraged to adopt similar policies, by applying local best practices.

The number of days' purchases outstanding at the end of the financial year, calculated in accordance with the statutory instrument, for the group is 42 days. The calculation does not however, take into account the fact that the year end position is not representative of the level of trading throughout the year. The calculation is not applicable to the holding company.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

European legislation requires that all EU listed companies prepare their consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") from 2005.

The process of evaluating the impact of the changes has already begun; implementation may have a significant impact on the presentation of the group's results, however it is too early to quantify this accurately.

The first financial results announcement to be prepared in accordance with IFRS will be that for the half year ended 30th June 2005.

AUDITORS

On 1st October 2004 the company's auditors, John Gordon Walton & Co., merged their practice with that of BDO Stoy Hayward LLP. In accordance with S.385 of the Companies Act 1985, a resolution proposing BDO Stoy Hayward LLP be re-appointed as auditors of the company will be put to the Annual General Meeting.

By order of the board
D. H. Brown Secretary

4th March 2005

Independent Auditors' Report

TO THE SHAREHOLDERS OF T.F. & J.H. BRAIME (HOLDINGS) P.L.C.

We have audited the financial statements of T. F. & J. H. Braime (Holdings) P.L.C. for the year ended 31st December 2004 on pages 16 to 36. These financial statements have been prepared under the accounting policies set out on pages 22 and 23. We have also audited the information in the Directors' Remuneration Report on pages 13 to 15 that is described as having been audited.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority ("Listing Rules").

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the group's compliance with the nine provisions of the 2003 Financial Reporting Council Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the unaudited part of the Director's Remuneration Report and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely on this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Independent Auditors' Report – *continued*

Basis of audit opinion
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion
In our opinion:

The financial statements give a true and fair view of the state of affairs of the group and the company as at 31st December 2004 and of the profit of the group for the year then ended; and the financial statements and part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Leeds

4th April 2005

Directors' Remuneration Report

The board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985.

The purpose of this report is to inform shareholders of the company's policy with regard to executive remuneration and to provide full details of the salary and other benefits received by individual directors. The directors have adopted the principles of good governance as set out in the Combined Code and the Directors' Remuneration Report Regulations 2002.

The legislation requires the company's auditors to audit certain elements of this report. These elements are described below as audited. The auditors' opinion is included in their audit report on pages 11 and 12.

Remuneration committee
Executive directors' pay is subject to the decision of the whole board and not of a separate remuneration committee. The directors believe that this is adequate for a group of this size.

Statement of company's policy on director's remuneration
The board's policy is that the remuneration of the directors should reflect market rates applicable to a business of its size and complexity. This information is assessed by the board based on their commercial contacts within the industry and the local business community. It is intended that this policy will remain in place for the following financial year and subsequent periods.

There are no formal performance related elements, entitlements to share options or entitlements under long-term incentive plans in directors' remuneration. All employees of the group, including directors, may however receive a discretionary bonus which reflects the results of the group.

The only elements of remuneration that are pensionable are salary and bonuses.

There are no performance conditions relating to the non-executive director's fees.

Service contracts
The executive directors do not have service contracts with the company or its subsidiaries. The executive directors are subject to election by the shareholders at the first Annual General Meeting following their appointment and thereafter at least at every third subsequent Annual General Meeting. No compensation other than that prescribed by legislation is payable on termination of their employment.

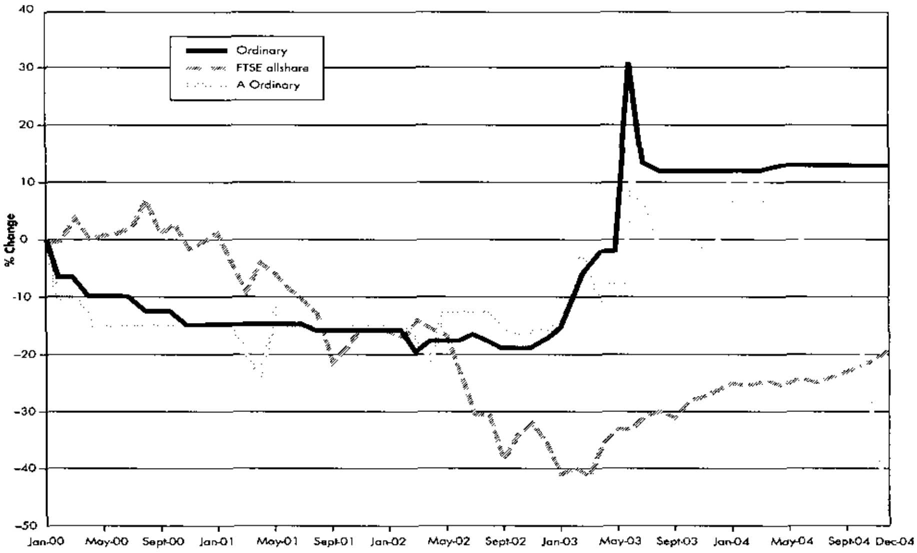
Mr. P. J. O. Alcock's service contract, as a non-executive director, expires annually on 10th January. The renewal of this contract is subject to approval of the whole board and has been approved for a further twelve months to 10th January 2006. The remaining term of the contract will be payable on its early termination.

Directors' Remuneration Report - *continued*

Share price performance

The chart below compares the performance of the company's share price against the FTSE All Share index. This index has been selected for the purpose of comparison as the company is included within this index.

Share comparison



Directors' remuneration (audited)

The remuneration of the individual directors who served during the period was as follows:

	Fees £	Salary £	Estimated taxable value of benefits in kind £	**Total 2004 £**	Total 2003 £	Pension contributions **2004 £**	2003 £
Executive directors							
O. N. A. Braime	150	64,609	9,039	**73,798**	71,401	**2,236**	2,236
J. A. H. Braime	150	63,850	8,085	**72,085**	69,865	**2,599**	2,599
D. H. Brown	150	59,482	1,236	**60,868**	59,296	**1,169**	1,169
C. J. Robinson	-	-	-	-	70,961	-	4,277
Non-executive director							
P. J. O. Alcock	4,800	-	-	**4,800**	4,800	-	-
	5,250	187,941	18,360	**211,551**	276,323	**6,004**	10,281

Comparative figures include compensation for loss of office of £11,186 in respect of C. J. Robinson.

The estimated taxable value of benefits in kind includes private medical cover and motor vehicles. Pension contributions represent amounts paid to defined contribution pension schemes.

Directors' Remuneration Report - *continued*

Pension benefits (audited)
Benefits under defined benefits scheme are as follows:

	Accrued benefit 2004 £	Increase in accrued benefit £	Increase in accrued benefit (excluding inflation) £	Transfer value (less directors' contributions) of the increase in accrued benefit £
O. N. A. Braime	31,242	1,833	921	11,032
J. A. H. Braime	31,242	1,882	972	15,032
D. H. Brown	18,953	1,302	755	10,462
	81,437	5,017	2,648	36,526

	Transfer value of accrued benefit 2004 £	2003 £	Increase in the transfer value of the accrued benefit (less directors' contributions) £
O. N. A. Braime	362,151	297,557	64,594
J. A. H. Braime	477,693	391,561	86,132
D. H. Brown	261,976	212,571	49,405
	1,101,820	901,689	200,131

Accrued pension benefits are calculated on the transfer value basis. The transfer value at 31st December 2004 is calculated in accordance with Actuarial Guidance Note GN11 which assumes that the benefit entitlement is increased until normal retirement age in accordance with statutory levels on the notional basis that each director left the scheme at the year end. There were no other changes in benefits during the year.

Approval
The Directors' Remuneration Report was approved by the board on 4th March 2005.

O. N. A. Braime Director

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31st DECEMBER 2004

	Notes	2004		2003	
		£	£	£	£
Turnover	2		**9,330,733**		9,418,422
Change in stocks of finished goods and work in progress			**(43,807)**		(47,111)
			9,286,926		9,371,311
Raw materials and consumables		**4,708,104**		4,886,196	
Other external charges		**337,094**		331,795	
			5,045,198		5,217,991
			4,241,728		4,153,320
Staff costs	7	**2,766,754**		2,778,961	
Depreciation	3	**90,882**		93,898	
Other operating charges		**1,342,304**		1,337,854	
			4,199,940		4,210,713
Operating profit/(loss)			**41,788**		(57,393)
Interest receivable and similar income			**50,363**		50,953
			92,151		(6,440)
Interest payable			**23,238**		26,589
Profit/(loss) on ordinary activities before taxation	3		**68,913**		(33,029)
Tax on profit on ordinary activities	4		**14,971**		15,009
Profit/(loss) on ordinary activities after taxation			**53,942**		(48,038)
Dividends (including dividends in respect of non-equity shares)	6		**52,200**		92,520
Retained profit/(loss) for year	17		**1,742**		(140,558)
Earnings/(losses) per Ordinary share	20		**3.12p**		(3.96p)

Continuing operations

The results for both periods are wholly attributable to the continuing operations of the group.

Consolidated Balance Sheet

AT 31st DECEMBER 2004

		Notes	2004 £	2004 £	2003 £	2003 £
FIXED ASSETS	Intangible assets	8		**11,035**		11,644
	Tangible assets	9		**557,301**		554,479
				568,336		566,123
CURRENT ASSETS	Stocks	11	**2,115,681**		1,890,199	
	Debtors	12	**2,450,028**		1,899,444	
	Cash at bank and in hand		**1,415,832**		1,614,131	
			5,981,541		5,403,774	
CREDITORS	Amounts falling due within one year	13	**2,368,418**		1,832,366	
NET CURRENT ASSETS				**3,613,123**		3,571,408
TOTAL ASSETS LESS CURRENT LIABILITIES				**4,181,459**		4,137,531
CREDITORS	Amounts falling due after more than one year	14		**52,979**		–
DEFERRED INCOME		15		**24,784**		26,440
NET ASSETS				**4,103,696**		4,111,091
CAPITAL AND RESERVES	Called up share capital	16		**540,000**		540,000
	Capital reserve	17		**77,319**		77,319
	Profit and loss reserve	17		**3,486,377**		3,493,772
SHAREHOLDERS' FUNDS				**4,103,696**		4,111,091
	Comprising:					
	Non-equity shareholders' funds			**180,000**		180,000
	Equity shareholders' funds			**3,923,696**		3,931,091

Approved by the board on 4th March 2005

O. N. A. Braime Director

D. H. Brown Director

Balance Sheet

AT 31st DECEMBER 2004

		Notes	2004 £	2004 £	2003 £	2003 £
FIXED ASSETS	Tangible assets	9		**265,429**		278,005
	Investment in subsidiaries	10		**397,291**		396,596
				662,720		674,601
CURRENT ASSETS	Debtors	12				
	Amounts falling due within one year		**67,554**		14,911	
	Amounts falling due after more than one year		**784,281**		745,565	
			851,835		760,476	
	Cash		**567,237**		656,439	
			1,419,072		1,416,915	
CREDITORS	Amounts falling due within one year	13	**198,567**		209,305	
NET CURRENT ASSETS				**1,220,505**		1,207,610
TOTAL ASSETS LESS CURRENT LIABILITIES				**1,883,225**		1,882,211
CREDITORS	Amounts falling due after more than one year	14		**781,242**		778,849
NET ASSETS				**1,101,983**		1,103,362
CAPITAL AND RESERVES	Called up share capital	16		**540,000**		540,000
	Profit and loss reserve	17		**561,983**		563,362
SHAREHOLDERS' FUNDS				**1,101,983**		1,103,362
	Comprising:					
	Non-equity shareholders' funds			**180,000**		180,000
	Equity shareholders' funds			**921,983**		923,362

Approved by the board on 4th March 2005

O. N. A. Braime Director

D. H. Brown Director

Statement of Total Recognised Gains and Losses

	2004 £	2003 £
Profit/(loss) for the financial year	**53,942**	(48,038)
Effect of foreign exchange rate changes	**(9,137)**	(28,118)
Total gains/(losses) recognised since last report	**44,805**	(76,156)

Reconciliation of Movement in Shareholders' Funds

	2004 £	2003 £
Profit/(loss) for the financial year	**53,942**	(48,038)
Dividends	**(52,200)**	(92,520)
	1,742	(140,558)
Other recognised losses	**(9,137)**	(28,118)
Net movement in shareholders' funds	**(7,395)**	(168,676)
Opening shareholders' funds	**4,111,091**	4,279,767
Closing shareholders' funds	**4,103,696**	4,111,091
Comprising:		
Non-equity shareholders' funds	**180,000**	180,000
Equity shareholders' funds	**3,923,696**	3,931,091

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31st DECEMBER 2004

	Notes	2004		2003	
		£	£	£	£
Net cash outflow from operating activities	1		**(549,079)**		(17,501)
Returns on investments and servicing of finance					
Interest received		**50,363**		50,953	
Interest paid		**(23,238)**		(26,589)	
Non-equity dividends paid		**(9,000)**		(9,000)	
			18,125		15,364
Taxation					
UK corporation tax repaid/(paid)		**21,185**		(20,701)	
Overseas tax paid		**(27,059)**		(26,653)	
			(5,874)		(47,354)
Capital expenditure					
Purchase of tangible fixed assets		**(37,841)**		(35,410)	
Disposal of tangible fixed assets		**8,626**		17,286	
			(29,215)		(18,124)
			(566,043)		(67,615)
Equity dividends paid			**(57,600)**		(141,120)
Management of liquid resources					
Decrease in treasury deposits	2		**102,019**		245,354
(Decrease)/increase in cash	3		**(521,624)**		36,619

Notes to Consolidated Cash Flow Statement

1. Reconciliation of operating profit/(loss) to net cash outflow from operating activities

	2004 £	2003 £
Operating profit/(loss)	**41,788**	(57,393)
Depreciation of tangible and intangible assets	**90,536**	96,046
Loss/(profit) on disposal of fixed assets	**346**	(2,148)
Government grants amortised	**(1,656)**	(1,656)
(Increase)/decrease in stocks	**(225,482)**	23,234
Increase in debtors	**(549,681)**	(53,350)
Increase/(decrease) in creditors	**94,690**	(15,481)
Movement in value of assets caused by foreign exchange movements	**380**	(6,753)
	(549,079)	(17,501)

2. Analysis of changes in net funds

	2003 £	Cash flow £	Effect of foreign exchange rate changes £	Other non-cash movements £	2004 £
Cash at bank and in hand	447,112	**(96,280)**	**-**	**-**	**350,832**
Bank overdrafts	(646,781)	**(425,344)**	**(8,475)**	**-**	**(1,080,600)**
	(199,669)	**(521,624)**	**(8,475)**	**-**	**(729,768)**
Hire purchase agreements	-	**-**	**-**	**(64,260)**	**(64,260)**
Bank loans	(139,645)	**-**	**(662)**	**-**	**(140,307)**
Treasury deposits	1,167,019	**(102,019)**	**-**	**-**	**1,065,000**
Net funds	827,705	**(623,643)**	**(9,137)**	**(64,260)**	**130,665**

3. Reconciliation of net cash flow to movement in net funds

	£
Decrease in cash	**(521,624)**
Effect of foreign exchange rate changes	**(9,137)**
	(530,761)
Decrease in treasury deposits	**(102,019)**
New hire purchase agreements	**(64,260)**
Movement in net funds in the year	**(697,040)**
Net funds at 31st December 2003	**827,705**
Net funds at 31st December 2004	**130,665**

4. Major non-cash transactions

During the year the group acquired £64,260 of tangible fixed assets under hire purchase agreements.

Notes to the Accounts

1. ACCOUNTING POLICIES

Accounting convention
The accounts are prepared under the historical cost convention and comply with all applicable UK accounting standards.

Basis of consolidation
The consolidated accounts include the accounts of the company and its subsidiaries made up to 31st December each year using the acquisition method of accounting. Internal turnover and profits are eliminated on consolidation. No profit and loss account is presented for T. F. & J. H. Braime (Holdings) P.L.C. as provided by S.230 of the Companies Act 1985.

Goodwill
In accordance with FRS10 goodwill arising on an acquisition of a subsidiary company, being the excess of the purchase price over the value of net assets of the subsidiary acquired at the date of acquisition, is capitalised as an asset and amortised over its estimated useful life. Previously goodwill was written off against reserves, and will be charged/credited in the profit and loss account on any subsequent disposal of the business to which it related.

Turnover
Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer which is generally on delivery.

Hire purchase agreements
Payments made under hire purchase agreements are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Depreciation

Intangible fixed assets
Depreciation is provided on all intangible fixed assets at rates calculated to write off the cost over their estimated useful lives. The rates used vary between 5% and 33⅓% per annum on a straight line basis.

Tangible fixed assets
Depreciation is provided on tangible fixed assets, other than freehold land which is not depreciated, at rates calculated to write off the cost over their estimated useful lives using the following percentages:

Freehold buildings	– 4% per annum on a straight line basis.
Property improvements	– 10% per annum on a straight line basis.
Plant and fixtures	– 20% per annum on a straight line basis.
Motor vehicles	– 25% per annum on a straight line basis.

Stock and work in progress
Stock and work in progress is valued at the lower of cost, including production overheads, and net realisable value.

Research and development
Research and development expenditure is written off in the year of expenditure.

Deferred tax
Deferred tax is provided in full, unless otherwise required by FRS19, in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted.

Notes to the Accounts - *continued*

1. *continued*

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against foreign equity investments. These differences are taken directly to reserves together with the exchange differences on the carrying amount of the related investment.

Group

Transactions in foreign currencies between group companies and their customers and suppliers are translated into sterling at an average rate for the period. All profits and losses on exchange are dealt with through the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to provide a hedge against the group's foreign interests. The differences are taken directly to reserves together with the exchange differences arising on the retranslation of these interests.

Financial instruments

Short term debtors and creditors are not treated as financial assets or liabilities except for currency disclosures.

Forward exchange contracts are used to fix the exchange rate of committed foreign currency trade debtors and trade creditors. Gains and losses on such hedges are not recognised until the transaction occurs. Gains and losses arising on the difference between the hedged rate and the spot rate on purchases of stock are deferred in the balance sheet until the stock is sold.

Liquid resources

For the purposes of the cash flow statment liquid resources are defined as short term deposits.

Pension costs

The expected cost of pensions in respect of the group's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of the employees in the scheme. Actuarial surpluses and deficits are allocated over the average expected remaining service lives of employees. The pension cost is assessed and funded in accordance with the advice of a qualified actuary.

Government grants

Grants towards capital expenditure are credited to a deferred revenue account and are released to the profit and loss account over the expected useful life of the assets concerned. Grants toward revenue expenditure are released to the profit and loss account as the appropriate expenditure is incurred.

Notes to the Accounts *- continued*

2. TURNOVER AND GROUP PROFIT

Turnover consists of the net amounts invoiced to customers and arises from the group's principal activities.

The operating profit and net assets attributable to each division and geographical market is not disclosed as, in the opinion of the directors, the publication of such information could be seriously prejudicial to the interests of the group.

The geographical analysis of turnover is as follows:

	2004 £'000	2003 £'000
United Kingdom	**4,067**	3,608
USA	**2,735**	3,254
Europe	**2,256**	2,303
Rest of world	**273**	253
	9,331	9,418

3. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2004 £	2003 £
Depreciation		
Intangible assets	**664**	845
Tangible assets	**89,872**	95,201
Loss/(profit) on disposal of assets	**346**	(2,148)
Depreciation charge	**90,882**	93,898
Amortisation of government grants	**(1,656)**	(1,656)
Auditor's remuneration – Group audit services	**25,965**	24,150
– Group non-audit services	**9,450**	16,825
Foreign exchange translation loss	**34,637**	47,723
Research and development	**239,880**	253,339

Included in the group audit fee is an amount of £13,500 (2003 – £12,750) in respect of the company.

Notes to the Accounts – *continued*

4. TAXATION

	2004 £	2003 £
Domestic current year tax		
UK corporation tax	**7,032**	(7,130)
Adjustment for prior years	**(786)**	(299)
Double taxation relief	**(6,362)**	(13,269)
	(116)	(20,698)
Foreign corporation tax		
Foreign corporation tax	**23,572**	44,765
Adjustment for prior years	**(8,485)**	(9,058)
	15,087	35,707
Current tax charge	**14,971**	15,009
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	**68,913**	(33,029)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2003 – 30%)	**20,674**	(9,909)
Effects of:		
Non-deductible expenses	**4,933**	3,871
Capital allowances in excess of depreciation	**481**	9,236
Short term timing differences	**–**	(3,486)
Tax credits on research and development	**(8,219)**	(15,697)
Foreign tax	**17,210**	31,496
Adjustments to previous periods	**(9,271)**	(9,357)
Difference in tax rates	**(9,339)**	–
UK tax losses utilised	**–**	15,712
Foreign tax losses not utilised	**–**	1,499
Other tax adjustments	**(1,498)**	(8,356)
	(5,703)	24,918
Current tax charge	**14,971**	15,009

The current tax charge has been reduced by claims for additional tax relief for research and development expenditure and increased due to the higher rate of tax applied to profits generated in foreign countries.

The group has estimated losses of £78,000 (2003 – £78,000) available for carry forward against future trading profits. No related deferred tax asset has been recognised in the accounts as its future recoverability is not certain. The amount not recognised is estimated at £23,400 (2003 – £23,400) calculated at a rate of 30% (2003 – 30%).

No deferred tax asset arising from accelerated capital allowances has been recognised as its future recoverability is not certain. The amount not recognised is estimated at £40,000 (2003 – £37,000), excluding any adjustment for discounting, calculated at a rate of 30% (2003 – 30%).

Notes to the Accounts – *continued*

5. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit after tax of the holding company for the year was £50,821 (2003 – £96,849). The retained loss after dividends of the holding company for the year was £1,379 (2003 – profit £4,329).

6. DIVIDENDS

	2004	2003	2004 £	2003 £
Interim dividend (paid)				
Ordinary	–	1.80p	–	8,640
'A' Ordinary	–	1.80p	–	17,280
Final dividend (proposed)				
Ordinary	**3.00p**	4.00p	**14,400**	19,200
'A' Ordinary	**3.00p**	4.00p	**28,800**	38,400
Total per Ordinary/ 'A' Ordinary share	**3.00p**	5.80p		
Preference shares (paid)	**5.00p**	5.00p	**9,000**	9,000
			52,200	92,520

7. EMPLOYEES

The average monthly number of employees of the group during the year was made up as follows:

	2004 No.	2003 No.
Office and management	**50**	52
Manufacturing	**78**	79
	128	131

Staff costs during the year amounted to:

	2004 £	2003 £
Wages and salaries	**2,511,618**	2,504,232
Social security costs	**186,079**	201,673
Pension costs	**177,870**	182,146
	2,875,567	2,888,051
Included in other operating charges	**(108,813)**	(109,090)
	2,766,754	2,778,961

Directors' remuneration:	2004 £	2003 £
Emoluments of qualifying services	**211,551**	265,137
Company pension contributions to money purchase schemes	**6,004**	10,281
Compensation for loss of office	–	11,186
	217,555	286,604

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2003 – 3) and under defined benefit pension schemes amounted to 3 (2003 – 3).

Notes to the Accounts – *continued*

8. INTANGIBLE ASSETS

Patents, manufacturing design and trademarks

	£
Cost	
At 1st January 2004	35,255
Exchange rate changes	316
At 31st December 2004	**35,571**
Depreciation	
At 1st January 2004	23,611
Exchange rate changes	261
Charged in the year	664
At 31st December 2004	**24,536**
Net book value	
At 31st December 2004	**11,035**
At 31st December 2003	11,644

9. TANGIBLE FIXED ASSETS

	Group		
Total assets	Property	Plant, Fixtures and Motor Vehicles	Total
Cost	£	£	£
At 1st January 2004	646,187	3,097,176	3,743,363
Additions	–	102,101	102,101
Exchange rate changes	358	282	640
Disposals	–	(50,978)	(50,978)
At 31st December 2004	**646,545**	**3,148,581**	**3,795,126**
Depreciation			
At 1st January 2004	193,957	2,994,927	3,188,884
Charged in the year	25,530	64,342	89,872
Exchange rate changes	119	956	1,075
Disposals	–	(42,006)	(42,006)
At 31st December 2004	**219,606**	**3,018,219**	**3,237,825**
Net book value			
At 31st December 2004	**426,939**	**130,362**	**557,301**
At 31st December 2003	452,230	102,249	554,479

The net book value of plant, fixtures and motor vehicles includes an amount of £56,320 (2003 – £nil) in respect of assets held under hire purchase contracts. The related depreciation charge on these assets for the year was £14,080 (2003 – £nil).

Notes to the Accounts – *continued*

9.
continued

	Company & Group	Group		
Property	Freehold Property	Freehold Property	Property Improvements	Total
Cost	£	£	£	£
At 1st January 2004	377,406	221,209	47,572	646,187
Exchange rate changes	–	127	231	358
At 31st December 2004	**377,406**	**221,336**	**47,803**	**646,545**
Depreciation				
At 1st January 2004	99,401	74,327	20,229	193,957
Charged in the year	12,576	3,038	9,916	25,530
Exchange rate changes	–	14	105	119
At 31st December 2004	**111,977**	**77,379**	**30,250**	**219,606**
Net book value				
At 31st December 2004	**265,429**	**143,957**	**17,553**	**426,939**
At 31st December 2003	278,005	146,882	27,343	452,230

The total cost of non-depreciable assets (freehold land) is £153,736 (2003 – £153,736).

10.
INVESTMENTS

	Company 2004	2003
	£	£
Shares at cost at 1st January 2004	**451,094**	451,094
Foreign exchange movements	**6,197**	5,502
Provision for diminution in value	**(60,000)**	(60,000)
Net book value at 31st December 2004	**397,291**	396,596

Subsidiary	**Principal activity**	**Proportion of shares held** 2004 and 2003 **Ordinary Shares**	**Preference Shares**
i Registered in and operating from England:			
Braime Pressings Ltd.	Manufacture of metal presswork	100%	100%
Braime Elevator Components Ltd.	Distribution of bulk material handling components	100%	–
ii Registered in and operating from the USA:			
4B Elevator Components Ltd.	Distribution of bulk material handling components	100%	–
iii Incorporated in and operating from France:			
Sarl S.E.T.E.M.	Distribution of bulk material handling components	100%	–

The value of this investment included in the accounts is the cost translated at the sterling/euro rate at 31st December 2004.

Notes to the Accounts – *continued*

10.
continued

Subsidiary	Principal activity	Proportion of shares held 2004 and 2003 Ordinary Shares	Preference Shares
iv Incorporated in and operating from Argentina:			
4B Sudamerica SA	Distribution of bulk material handling components	80%	–

The value of this investment included in the accounts is the cost translated at the sterling/peso rate at 31st December 2004.

The results and net assets of this company have not been consolidated into the group accounts and disclosure of transactions and balances between the company and the group, and certain disclosures required by Schedule 5 of the Companies Act 1985, have not been made, on the grounds that they are not material.

No other subsidiary companies have been excluded from the consolidated accounts.

11.
STOCK AND WORK IN PROGRESS

	Group 2004 £	2003 £
Raw materials	**464,174**	194,885
Work in progress	**74,534**	53,962
Finished goods	**1,576,973**	1,641,352
	2,115,681	1,890,199

12.
DEBTORS

	Group 2004 £	2003 £	Company 2004 £	2003 £
Trade debtors	**2,119,868**	1,670,544	**–**	–
Other debtors	**82,059**	133,726	**–**	–
Prepayments	**248,101**	95,174	**67,554**	14,911
Amounts falling due after more than one year:				
Amount owed by a subsidiary company	**–**	–	**784,281**	745,565
	2,450,028	1,899,444	**851,835**	760,476

Notes to the Accounts - *continued*

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004 £	2003 £	Company 2004 £	2003 £
Bank loans and overdrafts	**1,220,907**	786,426	**140,307**	139,645
Trade creditors	**658,933**	610,920	**-**	-
Corporation tax	**10,000**	-	**-**	-
Obligations under hire purchase contracts	**11,281**	-	**-**	-
Other taxes and social security costs	**111,043**	96,614	**60**	60
Proposed dividend	**43,200**	57,600	**43,200**	57,600
Other creditors	**91,009**	86,089	**-**	-
Accruals	**222,045**	194,717	**15,000**	12,000
	2,368,418	1,832,366	**198,567**	209,305

Group bank loans and overdrafts totalling £290,647 (2003 – £278,961) have been secured by a fixed and floating charge over the assets of a group company.

Cross guarantees exist in respect of the group's other bank loan and overdraft facilities.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2004 £	2003 £	Company 2004 £	2003 £
Amount owed to subsidiary companies	**-**	-	**781,242**	778,849
Obligations under hire purchase contracts	**52,979**	-	**-**	-
	52,979	-	**781,242**	778,849

Obligations under hire purchase contracts includes £11,687 due in 1 to 2 years and £41,292 due in 2 to 5 years and are secured on the assets to which they relate.

The due date for the repayment of group balances is 1st June 2006.

15. DEFERRED INCOME

	Group 2004 £
Government grants at 1st January 2004	**26,440**
Amortised in year	**(1,656)**
Government grants at 31st December 2004	**24,784**

Notes to the Accounts – *continued*

16. SHARE CAPITAL

	2004	2003
Authorised:	£	£
180,000 5% Cumulative Preference shares of £1 each	**180,000**	180,000
480,000 Ordinary shares of 25p each	**120,000**	120,000
1,200,000 'A' Ordinary shares of 25p each	**300,000**	300,000
	600,000	600,000
Allotted, called up and fully paid:		
180,000 5% Cumulative Preference shares of £1 each	**180,000**	180,000
480,000 Ordinary shares of 25p each	**120,000**	120,000
960,000 'A' Ordinary shares of 25p each	**240,000**	240,000
	540,000	540,000

The rate of dividend of the 5% Cumulative Preference shares is 5% plus the associated tax credit. On a return of capital on a winding-up, the holders shall be entitled to £1.125 per share together with any arrears of preference dividend due to the date of return. Holders of these shares are only entitled to vote at meetings if the preference dividend remains unpaid for six months after any date fixed for payment or where resolutions are proposed which affect their rights or which increase the company's borrowing powers. In these events the 5% Cumulative Preference shareholders would be entitled to one vote per share.

The 'A' Ordinary shares rank pari passu in all respects with Ordinary shares except that holders of 'A' Ordinary shares are not entitled to vote at general meetings. Holders of Ordinary shares are entitled to one vote for every four shares held.

On a return of capital on a winding-up, the holders of Ordinary and 'A' Ordinary shares shall be entitled to the residue of profits after distribution of the amount due to the 5% Cumulative Preference shareholders. The residue shall be distributed in proportion to the amounts paid up on the shares.

17. RESERVES

	Group 2004 £	Company 2004 £
Capital reserve at 1st January 2004 and 31st December 2004	**77,319**	**-**
Profit and loss reserve		
Balance at 1st January 2004	**3,493,772**	**563,362**
Retained profit/(loss) for the year	**1,742**	**(1,379)**
Effect of foreign exchange rate changes	**(9,137)**	**-**
Balance at 31st December 2004	**3,486,377**	**561,983**
Total reserves at 31st December 2004	**3,563,696**	**561,983**
Total reserves at 31st December 2003	3,571,091	563,362

Goodwill previously eliminated against group reserves amounts to £140,000 (2003 – £140,000).

Notes to the Accounts – *continued*

18. FINANCIAL INSTRUMENTS

The group holds financial instruments in order to finance its operations and to manage the interest rate and currency risks arising from those operations.

In addition various financial instruments such as trade debtors and trade creditors arise directly from the group's operations.

There is no formal policy for matching foreign currency cash flows, or matching exposure to foreign currency net assets or liabilities although a careful watch is kept on the positions. As shown below the group's currency exposure at the year end is £1.82 million and is primarily euros and US dollars to sterling.

The group's policy is to ensure a balance of financial instruments to meet its operating requirements. This has been achieved during the period. Unutilised committed borrowing facilities have been maintained in order to provide flexibility in the management of liquidity.

Interest rate and currency of financial assets and liabilities
The currency and interest rate profile of the group's financial assets is shown below:

As at 31st December 2004		Floating rate financial	Fixed rate financial
Currency	Total	assets	assets
	£	£	£
Sterling	1,160,039	95,039	1,065,000
Euro	97,070	97,070	–
US dollar	158,723	158,723	–
	1,415,832	**350,832**	**1,065,000**

As at 31st December 2003		Floating rate financial	Fixed rate financial
Currency	Total	assets	assets
	£	£	£
Sterling	1,307,785	140,766	1,167,019
Euro	24,115	24,115	–
US dollar	282,231	282,231	–
	1,614,131	447,112	1,167,019

Fixed rate financial assets comprise sterling cash deposits on the money market at 1 month rates. The weighted average period for which they are fixed is 1 month (2003 – 1 month) and the weighted average fixed rate is 4.51% (2003 – 3.79%).

Floating rate financial assets comprise bank current accounts.

The currency and interest rate profile of the group's borrowings is shown below:

As at 31st December 2004		Floating rate financial	Fixed rate financial
Currency	Total	liabilities	liabilities
	£	£	£
Sterling	599,459	599,459	–
Euro	327,410	187,103	140,307
US dollar	294,038	294,038	–
	1,220,907	**1,080,600**	**140,307**

Notes to the Accounts – *continued*

18. *continued*

As at 31st December 2003 Currency	Total £	Floating rate financial liabilities £	Fixed rate financial liabilities £
Sterling	206,404	206,404	–
Euro	301,061	161,416	139,645
US dollar	278,961	278,961	–
	786,426	646,781	139,645

Fixed rate financial liabilities of £140,307 (2003 – £139,645) comprise a euro bank loan with a term of 3 months (2003 – 3 months) and a fixed interest rate of 3.4375% (2003 – 3.0075%).

Floating rate financial liabilities comprise bank borrowings.

Currency exposure
The monetary assets and liabilities of the group that are not denominated in the functional currency of the operating unit concerned are shown below. The amounts shown take into account the effect of forward foreign currency contracts entered into to manage the currency exposure.

	Net foreign currency monetary assets/(liabilities)			
Functional currency At 31st December 2004	Sterling £	Euro £	US dollar £	Total £
Sterling	–	(158,606)	12,359	(146,247)
Euro	(936,522)	–	–	(936,522)
US dollar	(738,196)	–	–	(738,196)
	(1,674,718)	**(158,606)**	**12,359**	**(1,820,965)**

	Net foreign currency monetary assets/(liabilities)			
Functional currency At 31st December 2003	Sterling £	Euro £	US dollar £	Total £
Sterling	–	(132,995)	13,775	(119,220)
Euro	(878,081)	–	–	(878,081)
US dollar	(786,279)	–	–	(786,279)
	(1,664,360)	(132,995)	13,775	(1,783,580)

Borrowing facilities
The group has the following undrawn committed borrowing facilities:

	2004 £	2003 £
Expiring in one year or less	**461,847**	404,713

These facilities are for the purposes of working capital flexibility and are reviewed annually.

There is no difference between the carrying value and the fair value of the group's financial assets and liabilities.

Notes to the Accounts – *continued*

19. CAPITAL COMMITMENTS

There were no capital commitments at the year end (2003 – £nil).

20. EARNINGS PER ORDINARY SHARE

The calculation of earnings per share is based on a profit of £44,942 (2003 – loss £57,038) and 1,440,000 Ordinary and 'A' Ordinary shares of 25p each in issue at 31st December 2004.

21. CONTINGENT LIABILITIES

The group is committed to forward foreign exchange contracts in the normal course of business totalling £256,053 (2003 – £329,901).

22. PENSION COSTS

The group operates a defined benefit pension scheme, Braime Pressings Limited Retirement Benefits Scheme, which provides benefits based on final pensionable pay on behalf of certain companies in the T. F. & J. H. Braime (Holdings) P.L.C. group. The assets of the scheme are held separately from those of the group, being predominantly invested with an insurance company. The scheme is funded to cover future pension liabilities.

A qualified actuary determines the contributions payable to the scheme. The most recent actuarial valuation was conducted at 6th April 2001, with a further actuarial valuation as at 6th April 2004 due to be signed off before 6th April 2005. The market value of scheme assets at 6th April 2001 was £2,699,000 and the funding level at that date was 107% on an ongoing basis.

The contributions made by the employer during the year amounted to £117,101 including expenses (2003 – £118,435). The current contribution rate is 21.3% of pensionable pay (2003 – 21.3%). This rate may be reviewed in light of the results of the 6th April 2004 actuarial valuation.

As at 31st December 2004 the group had no prepaid pension contributions (2003 – £11,619).

The group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £15,933 (2003 – £17,021). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The group also made certain ex-gratia payments to long serving retired employees who were not members of the pension scheme.

Financial Reporting Standard 17 'Retirement Benefits' (FRS17)
Following an amendment made to FRS17 in November 2002, the group is now required to comply fully with FRS17 in its financial statements for years ended after 31st December 2004. The impact on the financial statements of FRS17 could be significant as it would require the group to include the current surplus/(deficit) in the defined benefit scheme of £85,000 (2003 – £(744,000)) as a separate balance on its balance sheet. The group has taken advantage of the transitional arrangements allowed under FRS17, which requires the following disclosures to be made in these financial statements in preparation for the full implementation of FRS17. Further disclosures will be made in the financial statements for the year ended 31st December 2005.

The valuation of the scheme at 31st December 2004 has been performed based on an asset value for the with-profit deferred annuities of 50% of the accounts basis and 50% of the "ongoing" basis value. This is based on the assumption that the trustees are able to take advantage of the inherent guaranteed annuity rates one half of the time. This valuation method has been adopted in the accounts for 31st December 2004 for the first time, on the basis that it is consistent with the method which is currently being considered for the scheme's formal valuation. The comparative figures for previous years have not been restated as a result of the change of valuation basis because no such valuations were available and such a basis is not consistent with the assumptions at the time.

Notes to the Accounts - *continued*

22. *continued* A full actuarial valuation of the defined benefit scheme was carried out at 6th April 2001 and updated to 31st December 2004 by a qualified independent actuary on a FRS17 basis. The major assumptions at 31st December 2004 used by the actuary were:

	2004	2003	2002
Rate of increase in salaries	**4.25%**	4.25%	5.00%
Rate of increase in pensions in payment	**see below**	see below	see below
Discount rate	**5.50%**	5.25%	5.25%
Inflation assumption	**2.75%**	2.75%	2.50%
Revaluation rate for deferred pensioners	**see below**	see below	see below

The rate of increase in pensions in payment are 3% fixed, 5% fixed and Limited Price Indexation ("LPI") as appropriate (2003 and 2002 – 3% fixed, 5% fixed and LPI as appropriate).

Revaluation rates for deferred pensioners are fixed at either 5% or Guaranteed Minimum Pension ("GMP") fixed rate (2003 and 2002 – 5% or GMP fixed rate).

The assets in the scheme and the expected rate of return at 31st December 2004 were:

	Long-term rate of return expected at 2004	Value at 2004 £	Long-term rate of return expected at 2003	Value at 2003 £	Long-term rate of return expected at 2002	Value at 2002 £
Cash	**4.50%**	**1,000**	4.00%	64,000	n/a	–
With-profit deferred annuities	**5.50%**	**3,261,000**	6.00%	2,585,000	6.00%	2,846,000
Immediate annuities	**5.25%**	**260,000**	–	–	–	–
Gilts	**4.50%**	**181,000**	–	–	–	–
Total market value of assets		**3,703,000**		2,649,000		2,846,000
Present value of scheme liabilities		**(3,618,000)**		(3,393,000)		(3,246,000)
Surplus/(deficit) in scheme		**85,000**		(744,000)		(400,000)
Related deferred tax (liability)/asset		**(25,500)**		223,200		120,000
Net pension asset/ (liability) on a FRS17 basis		**59,500**		(520,800)		(280,000)

Employer contributions of £110,000 were made in the period to 31st December 2004 (21.3% of pensionable pay). This rate may be reviewed in light of the results of the 6th April 2004 actuarial valuation.

Movement in surplus during the year	2004 £	2003 £
Deficit in scheme at beginning of year	**(744,000)**	(400,000)
Current service cost	**(147,000)**	(129,000)
Other finance charges	**(34,000)**	(4,000)
Actuarial gains/(losses)	**900,000**	(319,000)
Contributions paid	**110,000**	108,000
Surplus/(deficit) in scheme at end of year	**85,000**	(744,000)

Notes to the Accounts – *continued*

22. *continued*

Analysis of the amount charged to operating profit/(loss)	2004 £	2003 £
Current service cost	**147,000**	129,000

Analysis of the amount included as other finance charges	2004 £	2003 £
Expected rate on pension scheme asset	**159,000**	174,000
Interest on pension scheme liabilities	**(193,000)**	(178,000)
Net finance charge	**(34,000)**	(4,000)

Analysis of amount recognised in statement of total recognised gains and losses	2004 £	2003 £
Actual return less expected return on pension scheme asset	**841,000**	7,000
Experience gains and losses arising on the scheme liabilities	**401,000**	4,000
Changes in assumptions underlying the present value of the scheme liabilities	**(342,000)**	(330,000)
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	**900,000**	(319,000)

History of experience gains and losses	2004 £	2003 £	2002 £
Difference between the expected and actual return on scheme assets	**841,000**	7,000	299,000
Percentage of scheme assets	**23.00**	0.30	10.50
Experience gains and losses on scheme liabilities:			
Amount	**401,000**	4,000	211,000
Percentage of the present value of the scheme liabilities	**11.00**	0.10	6.50
Total amount recognised in statement of total recognised gains and losses:			
Amount	**900,000**	(319,000)	80,000
Percentage of the present value of the scheme liabilities	**25.00**	9.40	2.50

The effect on the profit and loss reserve if the pension scheme assets were incorporated into the financial statements is as follows:

	2004 £	2003 £
Profit and loss reserve excluding SSAP24 pension balance	**3,486,377**	3,493,772
Pension reserve	**59,500**	(520,800)
Profit and loss reserve	**3,545,877**	2,972,972