PRESS RELEASE

19 February 2013

Brammer plc
(“Brammer” or the “Group”)

PRELIMINARY RESULTS

PROVEN STRATEGY ADDS VALUE TO CUSTOMERS, DELIVERS GROWTH AND INCREASES RESILIENCE

Brammer, the leading pan-European added value distributor of industrial maintenance, repair and overhaul products, today announces its preliminary results for the year ended 31 December 2012.

Financial Highlights

- Record group revenue up 11.9% to £639.6 million (2011: £571.5 million). At constant currency total revenue growth is 16.2%.
- Gross margin up 20 basis points to 30.5%. Gross margin is up 100 basis points to 31.6% excluding the dilutive effect of Buck & Hickman during integration.
- Operating profit (pre amortisation and exceptional items) increased by 17.0% to £37.2 million (2011: £31.8 million). At constant currency operating profit increased by 22.3%.
- Operating margins (pre amortisation and exceptional items) improved from 5.6% to a new high of 5.8%. Operating margin was 6.6% excluding Buck & Hickman.
- Profit before tax (pre amortisation and exceptional items) increased by 19.0% to £34.5 million (2011: £29.0 million). At constant currency profit before tax increased by 23.2%.
- EPS (pre amortisation and exceptional items) increased by 10.6% to 21.9p (2011: 19.8p).
- Dividend up 11.9% to 9.4p (2011: 8.4p) reflecting the Board’s confidence in the outlook for the business.

Operational Highlights

- Continued successful execution of organic growth strategy:
  - Key Account sales per working day growth of 9.8%* with Key Account sales, following the acquisition of Buck & Hickman in the fourth quarter of 2011, now representing 37.0% of revenues (2011: 40.2%).
  - Insite™ sales growth of 9.0%* with a net 57 new locations established.
  - Strong revenue growth (20.1%+) in Tools and General Maintenance, boosted by successful launch of a pan–European catalogue.
  - Revenues from Utilities grew by 10.8% and Food and Drink by 7.7% on a like-for-like basis+ increasing the group’s resilience to continuing economic uncertainty in our markets.
  - Overall Brammer delivered £51.5* million of customer validated cost savings to our customers.

* at constant currency
+ at constant currency, excluding Buck & Hickman

Current Trading and Outlook

Ian Fraser, Chief Executive said:

"Driven by the provision of exceptional value and service to our customers, coupled with continued investment in our long term growth strategy, 2012 was a successful and significant year for Brammer. The group has produced substantially increased sales and profits and the acquisition of Buck & Hickman has exceeded our original expectations. We believe this performance again demonstrates the consistent and successful application of our proven long term strategy and the strength of our management team.

2013 will be another economically challenging year, but our growth drivers will ensure we continue to perform well ahead of the market. Our confidence in the outlook for the business is reflected by the dividend increase."

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BRAMMER PLC
2012 PRELIMINARY RESULTS

Overview and Strategy Implementation

Market Overview
Brammer addresses the enormous market for the provision of Bearings, Mechanical Power Transmission, Fluid Power, Tools and General Maintenance, and associated services to the maintenance repair and overhaul "(MRO)" market in Europe.

We estimate the bearings market to be worth around €2 billion annually and we have about a 10% share of that market making us the clear European market leader. Our bearings presence gives us access to a significant proportion of the key industrial procurement personnel within businesses of all sizes across Europe. We see bearings as the entry ticket into our customers allowing us to sell the rest of our product range. The engineer who installs bearings, to repair and maintain the machinery on the shop floor, is normally also responsible for installing Power Transmission and Fluid Power products and in doing his job uses our range of tools and general maintenance products. Those responsible for purchasing bearings at our customers are generally also responsible for purchasing the rest of our product range.

In Mechanical Power Transmission we have approximately 3% of an estimated €5 billion market. In Fluid Power we have just over 1% of an estmated €10 billion European market and in our relatively new product range of Tools and General Maintenance we have just 1% of what we estimate to be a market worth at least €25 billion across Europe. Overall we estimate the market for our entire range of products to be worth in excess of €40 billion, of which we currently have a market share of just under 2%. Ours is a highly fragmented marketplace and, in spite of our tiny market share, we are the European market leader. As a result our market share will not be a constraint to growth for decades to come.

Our geographic footprint across 16 countries gives us a European coverage far greater than any of our competitors and is highly valuable to our customers who are increasingly seeking a trusted level of quality and service across multiple countries and locations.

Our customers realise that purchasing MRO supplies can be complex and expensive, so they have chosen to partner with us to make it easier and help reduce their costs. Our value proposition is now a quotidian activity within Brammer and specifically addresses a significant number of methodologies which can help the customer reduce their total cost of acquisition of MRO supplies. In addition, many businesses have undergone permanent change in the way they operate and most are facing increased cost pressures and more competition. Our value proposition specifically addresses opportunities for the customer to improve productivity, assisted by our field sales engineers and technical specialists, often in association with our suppliers. Finally, all of our customers recognise the need to have healthy cash flow and a strong balance sheet, and our value proposition here has provided many cost savings to our customers by helping them better manage their shop floor inventory, thereby reducing working capital. In 2012 we provided a record 5,500 recognised cost-saving actions to our customers yielding them a financial benefit of £51.5 million.

Strategy
Our consistent, pellucid and proven strategy encompasses Growth, Capabilities, Costs and Synergies.

Growth
Our growth drivers have served us well over the past nine years; in 2012 we continued to invest in and benefit from our growth strategy focused on Key Accounts, Product Range Extension, Insites™ and segment-based marketing, giving rise, once more, to growth significantly ahead of the market.

Overall organic sales per working day ("SPWD") revenue growth (including incremental growth in Buck & Hickman since acquisition) was 2.9%, with growth of 9.4% in the first quarter of the year,

declining to -0.7% in the final quarter as our markets became more difficult. It is evident that our strategies of attacking market segments with focused marketing material and specialist sales people, growth through Key Accounts, the development of Insites™, and growth through cross-selling and Product Range Extension are contributing to significant market share gains in most territories. Unless stated otherwise, all numbers below exclude the impact of Buck & Hickman, and are shown at constant currency.

We continued to focus on a market segmentation approach, increasing our knowledge of customers' processes and selling to their specific needs. In particular:

- Food and Drink grew by 7.7%, to £71.0 million.
- Pulp and Paper grew by 13.2% overall to £25.6 million.
- Utilities grew by 10.8% to £20.8 million.
- Automotive grew by 1.4% to £54.9 million.
- Metals grew by 3.6% to £68.4 million.

Key Account SPWD grew by 9.8%, well below our target of 25%, as customers tightened their belts to counter the economic uncertainty which increased throughout the year. Key Accounts now represent 37.0% of total sales. Thirteen new European contracts were won, each with a minimum contract period of three years and, in aggregate, ultimate potential annual revenues in excess of £75 million. We continued to focus our business on more defensive segments and increased our Key Account sales to the Food and Drink segment by 11.7%, and FMCG by 7.6%. We also saw good market share gains in the more cyclical sector of Metals (up 15.0%).

We opened a record 88 new Insites™, 38 full time and 50 part time, with overall turnover growth of 9.0% to £105.2 million. 31 existing Insites™ were closed due to customer factory closures or reduced demand, giving rise to a net addition of 57 Insites™ in the year and a total of 327 Insites™ at the year end.

Extending the product offering to reflect the full Brammer range in every territory continued, and whilst bearing sales declined by 7.6%, non bearing sales (excluding Buck & Hickman) rose by 5.2%, suggesting significant market share gains driven by growth of 20.1% in Tools and General Maintenance to £43.5 million and 6.4% growth in Fluid Power to £96.2 million. During the year we spent a great deal of management time, effort and investment in the development of our Tools and General Maintenance business. We created a new European Product Division for Tools, General Maintenance, and Personal Protective Equipment, headed by our former Brammer France Managing Director. This division, now nearly 20 strong, consists of senior managers and directors recruited from Buck & Hickman as well as the wider Tools and General Maintenance market.

We have used the relationship, experience and knowledge gained through the acquisition of Buck & Hickman to develop our relationship on a European basis with the key suppliers of these products, and to leverage our relationships with customers in every country. We identified and invited 50 key European or Global suppliers to support us across Europe, and 48 accepted with great enthusiasm. In just five months we produced a 1,008 page Tools and General Maintenance catalogue, with 17,369 part numbers, 665 product groups, covering 50 brands. 60,000 copies of this catalogue were produced in 10 different languages, and these catalogues (weighing 120 tonnes in total and produced on sustainably sourced paper) were delivered to our operating companies during September. We have recruited Tools and General Maintenance experts in each country, carried out extensive training, and developed relationships and a supply chain with each of the 50 brands locally. We have also placed a strategic stock of catalogue product close to our National Distribution Centre near Nozay, south of Paris, and are carrying out direct marketing campaigns to existing Brammer customers, often in conjunction with our suppliers. As a result, even though we delivered only about 15% of the catalogues to customers in the final quarter of the year, we saw a 14% increase in the sale of catalogue items compared to the rate of sales in the first nine months.

Capabilities

The focus of our people and organisational capability continues to be on supporting our growth. To that end, our pan-European Marketing team is continuing the roll-out of our new Market Segmentation material across Europe, with updated material targeting 16 industry sectors translated into 9 languages, distributed across our 16 country businesses. We have also

developed and launched a new sales training programme covering best practice, our industry sector approach, and Brammer's value proposition. The sales training is now in the process of being delivered to all our sales teams.

We are continuing to develop the Brammer Insite™ Operations Manual, localised into English, French, German and Spanish. During 2012 we introduced an Insite™ training programme designed to raise awareness of the methods and processes required to identify, target and set up a new Insite™. An Insite™ Manager Training programme has also been developed during 2012 which sets out the mandatory, expected, and advanced service levels that our Insite™ managers will deliver to our customers. We have also improved the branding of our Insites™, through the implementation of consistent Insite™ workwear and improved signage. These help to distinguish our Insites™ on the customers' premises to help raise awareness of our presence, and to develop the brand. A European Insite™ manager has been appointed to manage the growth of Insite™ services across all 16 countries.

In order to increase the focus on our extended product range and strengthen our cross-selling initiatives, we have recruited a number of European Product Managers who are responsible for developing and growing our business particularly in Tools and General Maintenance products and also in Fluid Power and Power Transmission.

We developed a new website with e-commerce functionality, aiming to increase customer conversions via an enhanced user journey and easy to find call-to-action opportunities. The new site features more interactive content including "Quick Tips video clips"; we have added new clips and other content regularly throughout 2012. We have e-commerce solutions live in Poland, Spain, France, Germany, Netherlands and Belgium, and will be launching our central e-commerce solution in the remaining countries during 2013.

In February 2012 we repeated our independently run Europe-wide customer satisfaction survey, involving 45-minute telephone interviews with over 300 customers across Europe, and an online questionnaire sent to a random sample consisting of 10% of our 100,000 customers. This confirmed further progress. This research further strengthened our unprecedented insight into our customers' requirements, helping us to appreciate their current and future needs in detail, and to assist us with our strategic and operational planning and service delivery. Our 2012 customer satisfaction survey was also targeted at lapsed customers and potential customers in an effort to understand better some of the detractors and address the issues arising. There was also a customer satisfaction study conducted in 2012 with Buck & Hickman customers in order to gauge their levels of satisfaction and compare and contrast this to Brammer customers and turn this valuable insight into strategic action to help us to continue to deliver excellent customer service.

During the year Brammer's Distributed Learning programme (e-learning) was updated with new product training modules and enhanced functionality to provide a better learning experience in nine languages. This training is a key element of Brammer's employee induction programme and for critical, customer-facing roles we are achieving 100% take-up of the two major foundation programmes. We will continue to work with our suppliers to ensure our employees receive the best possible product training.

Following analysis of the 2012 internal employee survey, we have developed regional and functional action plans to maintain and enhance the excellent links between our strategy and our personnel.

The Brammer European Council of employee representatives meets annually in June. This forum facilitates communication between the Works Councils and Employee Forums from each country in the group, ensuring the concerns and issues raised by our people can be heard and addressed.

In addition, during 2012 the group commenced a graduate training programme designed to support the future development of the group. We recruited 10 graduates from 6 countries with each undertaking a structured 2 year training programme including a minimum 6 month overseas placement. This highlights the group's desire to develop and train its people, to encourage mobility and to ensure the consistent delivery of excellent service to all of our customers.

Costs
We continued to work on increasing our spend with a smaller number of suppliers and improving the level of marketing support, pricing, and cooperation in the field received from those suppliers. Gross margin, excluding Buck & Hickman, improved by 100 basis points year on year to 31.6%.

We continued to focus on efficient use of our Sales Distribution and Administrative expense "(SDA)". SDA at constant currency grew by 15.8% against a comparative sales growth of 16.2%. In recognition of a significant slowdown in our markets we took prompt and significant action in September to reduce our cost base. We removed £5 million (3%) from our annualised SDA costs, which incurred an exceptional cost of £4.8 million. This action has now properly matched our cost base to our revenues and will benefit 2013 significantly.

Synergies
In order to develop our European Tools and General Maintenance catalogue we have made further investment in our Master Data Management system. Additional product data to cover the tools and maintenance range has been incorporated into this system, giving rise to a total of 4.7 million unique part numbers. To aid the production of the catalogue we have developed a rich content database and have associated in excess of twelve million product attributes with 500,000 part numbers. Despite this extensive database we continue to create in excess of 1,000 new and unique part numbers on a European basis each working day.

Operating Performance and Key Performance Indicators

	2012 £m	2011 £m
Revenue	**639.6**	571.5
Gross margin %	**30.5%**	30.3%
Gross profit	**194.8**	173.3
Sales, Distribution and Administration costs*	**(157.6)**	(141.5)
Operating profit*	**37.2**	31.8
Operating return on sales*	**5.8%**	5.6%
Net interest	**(2.7)**	(2.8)
Profit before tax*	**34.5**	29.0
Cash generated from operations	**25.2**	28.2
Earnings per share*	**21.9p**	19.8p
Dividend per share	**9.4p**	8.4p

*before amortisation of intangible assets and exceptional items

Key Performance Indicators and other measures

	2012	2011
Group sales growth*	**16.2%**	22.0%
Organic SPWD growth (including incremental growth in Buck & Hickman since acquisition)*	**2.9%**	16.4%
Key Account SPWD growth*	**9.8%**	23.9%
Return on Capital employed	**34.3%**	32.3%
Net debt to EBITDA	**1.3:1**	1.0:1
Interest Cover	**13.8**	11.3
Stock turn	**4.4**	4.7

*at constant currency

Revenue
Revenue increased by 11.9%, of which the UK contributed 16.3% growth compensating in part for a 4.4% reduction in continental Europe, reflecting an adverse currency exchange movement. Revenue in the UK grew by 48.8% reflecting a full year of the Buck & Hickman business which was acquired on 30 September 2011. At constant exchange rates, revenue increased by 16.2%.

Gross profit
The gross profit for the year was £194.8 million (2011: £173.3 million). Gross margin increased to 30.5% (2011: 30.3%). Gross margin, excluding Buck & Hickman, increased by 100 basis points to 31.6%.

Sales, Distribution and Administrative Expense
Total reported SDA costs increased by £19.3 million from £146.0 million in 2011 to £165.3 million; excluding amortisation of acquired intangibles and exceptional items the increase was 11.4% from £141.5 million in 2011 to £157.6 million, which includes the full year impact of Buck & Hickman. Organic SDA at constant currency increased by 3.6%, and reflected the recruitment of additional Key Account and management personnel in support of the growth drivers, together with the creation of the European Product Division for Tools and General Maintenance products.

Operating profit
Operating profit (before amortisation and exceptional items) increased by £5.4 million to £37.2 million in 2012 from £31.8 million in 2011. Return on sales increased to 5.8% (2011: 5.6%).

Interest
The net interest charge for the year was £2.7 million (2011: £2.8 million). The effective interest rate on average net borrowings was 4.3% (2011: 4.5%). EBIT before exceptional items covers interest by 13.8 times (2011: 11.3 times).

Profit before tax
Profit before tax from continuing operations for the year was £26.8 million (2011: £24.5 million). Profit before tax, amortisation and exceptional items but after finance expense was £34.5 million (2011: £29.0 million).

Tax
The overall tax charge for the year of £7.0 million (2011: £6.2 million) consisted of the current year charge of £6.9 million and the prior year charge of £0.1 million. Current year tax represents an effective tax rate of 26.0% which is higher than the expected rate of 24.5% primarily as a result of charges arising from the differences in tax rates across Europe of £0.3 million and adjustments arising from tax losses in the year on which no benefit was recognised of £0.8 million, offset by a credit arising from a release of tax contingent liabilities of £0.7 million and miscellaneous credits of £0.1million.

Earnings per share
Basic earnings per share increased by 0.1p from 16.8p to 16.9p in 2012. Earnings per share, before amortisation and exceptional items, increased by 10.6% from 19.8p in 2011 to 21.9p in 2012.

Dividend
The interim dividend for 2012 was increased by 11.1% to 3.0 pence per share. Given the growth in earnings the Board is now proposing a 12.3% increase in the final dividend to 6.4 pence per share. Total dividends for 2012 would then amount to 9.4 pence per share which is a 11.9% increase over the prior year. At this level the total dividend would be covered 2.33 times by earnings. Subject to shareholder approval, the final dividend will be paid on 2 July 2013 to shareholders on the register at close of business on 7 June 2013.

Return on operating capital employed
The return on operating capital employed, based on operating profit before amortisation and exceptional items, was 34.3% (2011: 32.3%) for the total group.

Goodwill
Goodwill in the balance sheet stands at £89.8 million at the end of the year (2011: £90.0 million), a net reduction of £0.2 million. In 2012, goodwill increased by £1.2 million arising from two small bolt-on acquisitions made during the year and decreased by £1.4 million due to exchange movements on goodwill held in foreign currencies. Impairment reviews have been performed in accordance with IAS 36 and no impairment has been identified.

Trading during the year

Profit from operations before exceptional items, amortisation, interest and tax ("underlying operating profit") increased by 17.0% to £37.2 million (2011: £31.8 million), of which £18.5 million was delivered in the first half and £18.7 million in the second half (see table below).

	First half	Second half	Full year
2012	£m	£m	£m
Revenue	**331.1**	**308.5**	**639.6**
Underlying operating profit*	**18.5**	**18.7**	**37.2**
2011	£m	£m	£m
Revenue	275.2	296.3	571.5
Underlying operating profit*	15.4	16.4	31.8

* profit from operations before exceptional items, amortisation, interest and tax.

For the first half, revenue increased by £55.9 million reflecting the full effect of the Buck & Hickman acquisition made in the second half of 2011. Underlying operating profit increased by £3.1 million. For the second half, revenue increased by £12.2 million reflecting increasingly challenging market conditions, together with a smaller acquisition effect from Buck & Hickman. Additional underlying operating profit of £2.3 million in the second half reflected continued focus on gross margin improvements and savings from cost control measures.

Exchange rates had an adverse impact on the year's results reducing growth in revenue by 5.2% in revenue and underlying operating profit by 6.2%.

Exceptional items

A total pre-tax operating exceptional charge of £6.4 million has been recognised. As part of the continuing programme of integrating the Buck & Hickman business, which was acquired on 30 September 2011, further lines of stock identified as no longer integral to Brammer's core tools and general maintenance product portfolio and future trading strategy were written down to their estimated net realisable value. The resulting £0.8 million charge has been recognised as an exceptional item. Software which will no longer be developed or supported in the combined business going forward has been written down to reflect its revised estimated useful life resulting in a further £0.8 million charge.

A wider review of the group's operating cost base resulted in headcount and other restructuring costs of £4.8 million being incurred and recognised as an exceptional charge. These actions were taken to optimise headcount in order to continue to realise operational benefits from the Buck & Hickman acquisition and also in response to the increasingly challenging market conditions in which the group operated during the year.

Following the acquisition of the Buck & Hickman business the following exceptional charges were recognised in 2011. Acquisition costs incurred of £0.5 million, together with £0.8 million of branch co-location costs and a £0.4 million charge for write-down of stock, being related costs incurred up to 31 December 2011 in the first phases of integrating the business with that of Brammer UK, were recognised as exceptional costs. In addition a further charge of £1.5 million, the majority of which related to restructuring actions taken in the wider group as first steps in realising operational benefits from the acquisition, was included in the total pre-tax operating exceptional charge of £3.2 million.

Cash flow

	2012 £m	2011 £m
Cash inflow from operating activities	**25.2**	28.2

Cash inflow from operating activities before exceptional items	***28.6***	*28.9*
Cash outflow from exceptional items	***(3.4)***	*(0.7)*
Cash inflow from operating activities	***25.2***	*28.2*

Net capital expenditure (purchases net of disposals)	**(8.9)**	(5.8)
Operational cash generation	**16.3**	22.4
Acquisitions (including net debt acquired)	**(1.1)**	(26.9)
Deferred consideration and earn out	**(10.4)**	(1.8)
Tax	**(7.9)**	(4.1)
Interest, dividends, pension obligations & other	**(15.0)**	(13.6)
Net proceeds from placing	**-**	24.8
Purchase of own shares	**(1.1)**	(0.1)
Net proceeds from issue of shares	**0.1**	0.1
(Increase)/decrease in net debt	**(19.1)**	0.8
Opening net debt	**(35.3)**	(36.7)
Exchange	**0.6**	0.6
Closing net debt*	**(53.8)**	(35.3)

* total borrowings net of cash and cash equivalents.

Net debt increased by £18.5 million from £35.3 million to £53.8 million. At the year end, net debt/EBITDA stood at 1.3:1 times (2011: 1.0:1 times).

Net cash inflow from operating activities of £25.2 million decreased by £3.0 million from £28.2 million in 2011, which is after £10.8 million outflow relating to inventories, and £3.4 million outflow (2011: £0.7 million) associated with exceptional items in the current year and provision utilisation in 2012 of exceptional items from prior years. Stock has increased significantly to support the development of the Tools and General Maintenance product range and following the launch of the Tools and General Maintenance catalogue in the last quarter of the year. The operating cash inflow funded the payment of £10.4 million of deferred consideration, £7.9 million taxation payments, and £15.0 million for dividends, interest and pension obligations. Net capital expenditure increased significantly from £5.8 million to £8.9 million reflecting continued increased investment in software development. Consequently, average net borrowings in 2012 were £62.8 million compared to £54.5 million in 2011.

Pensions

The net pension liability relating to the defined benefit pension schemes increased by £4.9 million to £21.7 million (2011: £16.8 million). The principal factors contributing to this increase were a £7.1 million net actuarial loss on scheme liabilities offset by £3.2 million of employer contributions.

The main financial assumptions used were a discount rate of 4.4% (2011: 4.8%), a 2.8% (2011: 3.0%) rate of increase for pensions in payment and a 2.2% (2011: 2.4%) rate of increase for pensions in deferment. The main demographic assumptions used are broadly unchanged. The charge recognised in the income statement increased to £0.9 million (2011: £0.1 million) reflecting a lower expected return on scheme assets. Preliminary indications are that the impact of adopting IAS19R will be an additional charge to profit in 2013 of up to £1.0 million.

Financing and Covenants
The group is financed by a €100 million floating rate revolving credit facility which can be drawn until it expires on 30 June 2016. In addition to the revolving credit facility, £30 million of undrawn overdraft facilities are available. The amount drawn under the revolving credit facility as at 31 December 2012 was £51.3 million (€63.3 million).

Operating Segments

Summary trading performance by segment at 2012 constant currency rates (€1.20 : £1)

	External Revenue		Revenue Growth	SPWD** Growth (like- for- like)	Operating Profit*		Operating Profit growth*
	2012	2011	**2012**	2012	**2012**	2011	**2012**
	£m	£m	%	%	£m	£m	%
UK+	**283.4**	190.5	**48.8%**	7.6%	**18.1**	9.4	**92.6%**
Germany	**115.6**	115.5	**0.1%**	0.6%	**7.9**	7.8	**1.3%**
France	**87.7**	84.5	**3.8%**	3.5%	**4.4**	4.0	**10.0%**
Spain	**42.8**	42.9	**-0.2%**	-0.3%	**4.3**	3.3	**30.3%**
Benelux	**53.1**	49.2	**7.9%**	7.5%	**2.8**	2.6	**7.7%**
Eastern Europe	**48.4**	56.8	**-14.8%**	-9.4%	**0.9**	3.6	**-75.0%**
Other	**16.3**	17.7	**-7.9%**	-7.2%	**-0.6**	0.2	**n/a**
Total	**647.3**	557.1	**16.2%**	2.9%	**37.8**	30.9	**22.3%**
Exchange effect***	**(7.7)**	14.4	**-4.3%**	-4.5%	**(0.6)**	0.9	**-5.3%**
As reported	**639.6**	571.5	**11.9%**	-1.6%	**37.2**	31.8	**17.0%**

* operating profit before amortisation and exceptional items
** sales per working day
*** to reconcile results and analysis to actual exchange rates for 2012 and 2011
+ including Buck & Hickman

UK (including Iceland and Norway)
Our largest operation, and the one where the Brammer development strategy is most advanced, achieved organic SPWD growth of 7.6% and, including Buck & Hickman, increased operating profit by 92.6% to £18.1 million.

Key Account sales grew by 7.2% in the year, and now represent 67.1% of turnover. Several new contracts were won with customers such as Welsh Water, Anglian Water, SRCL, London Underground, Innospec and many others. Key Accounts won last year, including EDF Energy, Tata Steel, BAE Systems performed well and contributed to growth. Our value proposition continues to be attractive to customers and we have further honed our skills in delivering cost savings and adding value for our customers. In 2012 we recorded 3,054 individual cost savings for over 200 customers, with a combined saving of more than £34.2 million.

We opened 17 new full-time Insites™ and increased sales through these Insites™ and part-time Insites™ (those locations where we have several regular clinics with the customer's staff each

week) by 2.2%. Six existing full-time Insites™ closed giving a net increase of 11. Our new Brammer Iceland branch in Reykjavik performed well, and our Alcoa business in Norway has grown substantially.

Finally, our cross-selling initiatives continued to be successful with 19.6% sales growth in our Tools and General Maintenance range.

Buck & Hickman
Buck & Hickman performed well throughout the year and exceeded our expectations. Several new Key Account contracts were won and the existing key account contracts all performed well giving rise to SPWD growth of 9.3% (including a full year comparative). We have successfully co-located the two businesses obtaining synergies in 10 of the 28 branches of Buck & Hickman by incorporating the Brammer branches into those locations. Additional synergies arising from purchase leverage effects, price management initiatives and reduced logistics costs have contributed to an overall synergy benefit in excess of £3 million, well ahead of our original expectations. We expect these synergy benefits to continue, and are confident we will achieve our three year target of £7.5 million ahead of our original plan. There remains a significant benefit to be had through cross-selling opportunities between the Brammer UK and Buck & Hickman customers.

Germany
SPWD grew by 0.6%, with the growth rate declining throughout the year due to tougher comparators and significant slowing in the Original Equipment Manufacturing ("OEM") segment of the market. SPWD growth in the first quarter was 6.4%, but the fourth quarter declined to 0.8%. Operating profit improved by 1.3%. Our investment in Key Accounts paid off with an increase in sales in this segment of 8.4%, now representing 29.7% of total sales. We delivered a total of 933 signed off cost saving projects to our customers, representing €3.3 million of savings. We won new contracts with Johnson Controls IS, Prettl Group, Novatis Hexal, PepsiCo, Albea, Lisi and Becton & Dickinson.

Our continued investment in Fluid Power generated healthy SPWD growth of 14.6%, whilst our new investment in Tools and General Maintenance Products resulted in SPWD growth of 13.2%. We established ten new Insites™ with total Insite™ sales growing 16.7%. Our focus on the market segments of Food and Drink, Utilities, and Construction and Aggregates resulted in several new contract wins and increased market share; 155 customer events were held across Germany addressing more than 1,600 MRO specialists from those segments, raising the awareness of Brammer as a solutions provider.

France
SPWD increased by 3.5%, whilst operating profit increased by 10%. Key Account sales increased 12.3% and, including the Automotive segment, now represent 39.7% of turnover. We delivered a total of 579 signed-off cost saving projects to our customers, representing €3.3 million of savings. New contracts were won with Groupe Seb, Lisi, Alcoa, UPM, and many others. We opened 15 new Insites™, though 7 closed, bringing the total to 39, with revenue growth of 27.3%. Tools and General Maintenance and Personal Protection Equipment produced sales growth of 16.5%, while Fluid Power grew by 14.6% and now represents 17.0% of total sales.

Spain
SPWD were broadly flat due to tougher comparators and further slowdown in the OEM segment of our market. Operating profit increased by 30% due to gross profit improvement, tight management of costs and further consolidation of our supplier base. Our Key Account revenues increased by 15.3% (representing 36.4% of sales), and we won new contracts with AGC, Amcor, PepsiCo, Gates and many others. We provided over €2.6 million of cost savings to our Key Account customers. Ten new Insites™ were established, bringing the total, after closures, to 30, with Insite™ sales increasing by 31.8%. Our marketing focus was on Food and Drink (up 19.3%). 129 customer symposiums attracted 421 organisations. Extraordinary progress was made in Product Range Extension, with sales of the Tools and General Maintenance range up 89%, and Fluid Power up 24%.

Benelux
SPWD in the Benelux countries grew by 7.5%, whilst operating profit increased by 7.7%. Key Account SPWD growth in Holland was 33.6% and in Belgium 11.1%. We won new contracts with Bosch, PepsiCo, SCA, Kuhn and Refresco and many others. In Holland Mechanical Power Transmission produced SPWD growth of 5.4% whilst Fluid Power grew by 34.0%. We opened three new Insites™ in Belgium, increasing sales through Insites™ by 13.8%, and 10 new Insites™ in Holland with sales growth of 103.7%. Our focus on Food and Drink gave rise to 37.3% growth in Holland, though sales were flat in Belgium.

Eastern Europe
In our Eastern European businesses (comprising Poland, the Czech Republic and Slovakia, and Hungary), total SPWD declined by 9.4%, whilst operating profit declined by 75.0%. In Poland, SPWD increased by 3.0%. Key Accounts grew by 16%, and new contracts were won with Imperial Tobacco and Pilkington. In the Czech Republic and Slovakia, SPWD decreased by 32.9% due to a significant slowdown in the OEM sector and a high level of staff turnover leading to several lost contracts. Key Accounts were flat but continued to offer significant growth opportunities. In Hungary, the SPWD growth was 3.8%, and new contracts were won with Mercedes-Benz, Rockwool, Delphi and PepsiCo.

Other segments
In respect of the other segments, Austria, Ireland and Italy, SPWD declined by 7.2%, whilst operating profit declined by £0.8 million to a loss of £0.6 million. In Austria SPWD were down 14.3%, in Italy, SPWD were down 11.5% and in Ireland SPWD were up 32.4%.

Board
After more than ten years as Chairman of Brammer, David Dunn stepped down at the Annual General Meeting in May. We were delighted that Bill Whiteley agreed to take over at that time. Bill joined Brammer's Board as a non-executive director in July 2008 and we are fortunate to have someone of his quality and experience as Chairman. Duncan Magrath (Chief Financial Officer Balfour Beatty plc) joined the Board as a non-executive director on 1 March 2012. We are delighted to welcome Duncan whose wide international experience will be invaluable to the group.

The Executive Team and all at Brammer wish to thank David Dunn for his outstanding contribution and leadership over the last ten years.

The Future
Our European footprint and our specialisation in the field of Bearings, Mechanical Power Transmission, Fluid Power and Tools and General Maintenance products is a strong platform upon which to achieve further market share gains in our fragmented marketplace. We are finding many of our customers are seeking to buy additional products from us, or accelerate contract implementation, to achieve the cost savings available to them as part of their contract with Brammer – and we have significantly increased the rate at which we are able to deliver those savings.

Since 1 January 2008, Industrial production in the Eurozone has declined by 9.2%. In contrast, Brammer's revenues have grown by 24.5% at constant currency excluding Buck & Hickman, and by 51.8% including Buck & Hickman. We believe that through the further development of our four growth drivers, and the provision of significant added value to our customers, we can continue to outperform the market by at least 10% per annum even though uncertain economic conditions may adumbrate continued tough trading conditions. Our Key Account business remains strong, cross-selling initiatives to both Key Accounts and the base business are proceeding well and we expect to achieve healthy growth in 2013. Moreover, we will continue to lead the consolidation of the European market in Bearings, Mechanical Power Transmission, Fluid Power, and Tools and General Maintenance products. As a result, we are increasingly confident that our strategy will continue to give us growth substantially greater than the market.

Consolidated income statement for the year ended 31 December 2012

	Note	**Year to 31 December 2012 £m**	Year to 31 December 2011 £m
Continuing operations			
Revenue	2	**639.6**	571.5
Cost of sales		**(444.8)**	(398.2)
Gross profit		**194.8**	173.3
Distribution costs		**(164.0)**	(144.7)
Amortisation of acquired intangibles		**(1.3)**	(1.3)
Total sales, distribution and administrative costs		**(165.3)**	(146.0)
Operating profit	2	**29.5**	27.3
Operating profit before amortisation and exceptional items		***37.2***	*31.8*
Amortisation of acquired intangibles		***(1.3)***	*(1.3)*
Exceptional items		***(6.4)***	*(3.2)*
Operating profit	2	***29.5***	*27.3*
Finance expense		**(2.8)**	(2.9)
Finance income		**0.1**	0.1
Profit before tax		**26.8**	24.5
Profit before tax before amortisation and exceptional items		***34.5***	*29.0*
Amortisation of acquired intangibles		***(1.3)***	*(1.3)*
Exceptional items	4	***(6.4)***	*(3.2)*
Profit before tax		***26.8***	*24.5*
Taxation		**(7.0)**	(6.2)
Profit for the year attributable to equity shareholders	2	**19.8**	18.3
Earnings per share	3		
Basic		**16.9p**	16.8p
Diluted		**16.4p**	16.4p
Earnings per share – pre amortisation and exceptional items	3		
Basic		**21.9p**	19.8p
Diluted		**21.2p**	19.3p

	2012 £m	2011 £m
Profit for the year	**19.8**	18.3
Other comprehensive income		
Net exchange differences on translating foreign operations	**(2.4)**	(3.1)
Actuarial losses on pension schemes	**(5.9)**	(4.2)
Effective portion of changes in fair value of cash flow hedges	**(0.2)**	-
Other comprehensive expense for the year, net of tax	**(8.5)**	(7.3)
Total comprehensive income for the year	**11.3**	(11.0)

Items in the statement above are disclosed net of tax.

	Notes	2012 £m	2011 (restated) £m *
Assets			
Non-current assets			
Goodwill		**89.8**	90.0
Acquired intangible assets		**10.4**	11.7
Other intangible assets		**8.9**	7.4
Property, plant and equipment		**14.8**	13.4
Deferred tax assets		**8.9**	6.6
		132.8	129.1
Current assets			
Inventories		**97.7**	88.1
Trade and other receivables		**109.1**	114.8
Cash and cash equivalents	6	**2.2**	15.9
		209.0	218.8
Liabilities			
Current liabilities			
Financial liabilities - borrowings	6	**(3.2)**	(3.4)
Trade and other payables		**(121.9)**	(131.6)
Provisions		**(0.7)**	(1.3)
Deferred consideration		**(4.2)**	(10.8)
Current tax liabilities		**(4.7)**	(5.0)
		(134.7)	(152.1)
Net current assets		**74.3**	66.7
Non-current liabilities			
Financial liabilities - borrowings	6	**(52.8)**	(47.8)
Deferred tax liabilities		**(8.8)**	(10.0)
Derivative financial instruments		**(0.3)**	-
Provisions		**(2.0)**	-
Deferred consideration		**(0.5)**	(3.6)
Retirement benefit obligations		**(21.7)**	(16.8)
		(86.1)	(78.2)
Net assets		**121.0**	117.6
Shareholders' equity			
Share capital		**23.5**	23.4
Share premium		**18.2**	18.2
Translation reserve		**(1.1)**	1.3
Cash flow hedging reserve		**(0.2)**	-
Retained earnings		**80.6**	74.7
Total equity	7	**121.0**	117.6

*December 2011 balance sheet has been restated for fair value adjustments to the assets and liabilities acquired with the Buck & Hickman business on 30 September 2011.

Brammer Consolidated statement of changes in equity for the year ended 31 December 2012

	Share Capital £m	Share Premium £m	Treasury Shares £m	Cash flow Hedging Reserve £m	Translation Reserve £m	Retained Earnings £m	Total £m
Balance at 1 January 2011	21.3	18.1	(0.2)	-	4.4	43.4	87.0
Profit for the year	-	-	-	-	-	18.3	18.3
Other comprehensive income	-	-	-	-	(3.1)	(4.2)	(7.3)
Total comprehensive income	-	-	-	-	(3.1)	14.1	11.0
Transactions with owners							
Shares issued during the year							
placing*	2.1	-	-	-	-	22.7	24.8
other	-	0.1	-	-	-	-	0.1
Purchase of own shares	-	-	(0.1)	-	-	-	(0.1)
Transfer on vesting of own shares	-	-	0.1	-	-	(0.1)	-
Value of employee services	-	-	-	-	-	2.0	2.0
Tax credit on share performance plans	-	-	-	-	-	0.7	0.7
Dividends	-	-	-	-	-	(7.9)	(7.9)
Total transactions with owners	2.1	0.1	-	-	-	17.4	19.6
Movement in year	2.1	0.1	-	-	(3.1)	31.5	30.6
At 31 December 2011	**23.4**	**18.2**	**(0.2)**	**-**	**1.3**	**74.9**	**117.6**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**19.8**	**19.8**
Other comprehensive expense	**-**	**-**	**-**	**(0.2)**	**(2.4)**	**(5.9)**	**(8.5)**
Total comprehensive income	**-**	**-**	**-**	**(0.2)**	**(2.4)**	**13.9**	**11.3**
Transactions with owners							
Shares issued during the year	**0.1**	**-**	**-**	**-**	**-**	**-**	**0.1**
Purchase of own shares	**-**	**-**	**(1.1)**	**-**	**-**	**-**	**(1.1)**
Transfer on vesting of own shares	-	-	**1.2**	-	-	**(1.2)**	-
Value of employee services	**-**	**-**	**-**	**-**	**-**	**2.0**	**2.0**
Tax credit on share performance plans	**-**	**-**	**-**	**-**	**-**	**1.3**	**1.3**
Dividends	**-**	**-**	**-**	**-**	**-**	**(10.2)**	**(10.2)**
Total transactions with owners	**0.1**	**-**	**0.1**	**-**	**-**	**(8.1)**	**(7.9)**
Movement in year	**0.1**	**-**	**0.1**	**(0.2)**	**(2.4)**	**5.8**	**3.4**
At 31 December 2012	**23.5**	**18.2**	**(0.1)**	**(0.2)**	**(1.1)**	**80.7**	**121.0**

*Ordinarily, the excess of the net proceeds over the nominal value of the share capital issued would be credited to a non-distributable share premium account. However, the placing of shares completed in September 2011 was effected through a structure which resulted in the creation of a reserve of £22.7 million that was credited to retained earnings under section 612 of the Companies Act 2006. Following the finalisation of the Buck & Hickman fair value adjustments, £17.4 million is considered to be non-distributable.

	Note	**2012**	2011
		£m	£m
Cash generated from operations	5	**25.2**	28.2
Interest received		**0.1**	0.1
Interest paid		**(2.6)**	(2.5)
Tax paid		**(7.9)**	(4.1)
Funding of pension schemes less income statement charge		**(2.3)**	(3.3)
Cash generated from operating activities		**12.5**	18.4
Cash generated from operating activities before exceptional items		***15.9***	*19.1*
Cash outflow from exceptional items		***(3.4)***	*(0.7)*
Cash generated from operating activities		***12.5***	*18.4*
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)		**(1.1)**	(26.9)
Deferred consideration paid on prior acquisitions		**(10.4)**	(1.8)
Proceeds from sale of property, plant and equipment		**0.2**	0.5
Purchase of property, plant and equipment		**(4.7)**	(3.0)
Additions to other intangible assets		**(4.4)**	(3.3)
Net cash used in investing activities		**(20.4)**	(34.5)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**0.1**	0.1
Net proceeds from placing		**-**	24.8
Repayment of loans under old financing facility		**-**	(56.1)
Net drawdown of other loans		**5.9**	50.6
Net repayment of finance leases		**(0.1)**	(0.1)
Dividends paid to shareholders		**(10.2)**	(7.9)
Purchase of own shares		**(1.1)**	(0.1)
Net cash (absorbed)/generated from financing activities		**(5.4)**	11.3
Net decrease in cash and cash equivalents		**(13.3)**	(4.8)
Exchange loss on cash and cash equivalents		**(0.3)**	(0.6)
Net cash at beginning of year		**15.6**	21.0
Net cash at end of year		**2.0**	15.6
Cash and cash equivalents		**2.2**	15.9
Overdrafts		**(0.2)**	(0.3)
Net cash at end of year		**2.0**	15.6

General information

Brammer plc is a company incorporated and domiciled in the UK, and listed on the London Stock Exchange. The address of the registered office is disclosed in note 8.

The principal accounting policies adopted in the preparation of these consolidated financial statements are unchanged from those applied in the preparation of the 2011 statements, and will be set out in full in the 2012 published financial statements. These policies have been consistently applied to all the years presented.

Basis of preparation

This preliminary announcement does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006.

These 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 financial statements have been prepared under the historical cost convention, as modified for fair values under IFRS.

Accounting policies

No standards have been early adopted by the group. The implications for the group of new standards, amendments to standards or interpretations which are mandatory for the first time for the financial year ended 31 December 2012 are summarised below.

New standards, amendments to standards or interpretations

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2012. They are not relevant or do not have a material effect on the group's financial statements and are as follows:

Standard or interpretation	Content	Applicable for financial years beginning on or after
Amendment: IFRS 7	Financial instruments: Disclosures on transfers of assets	1 July 2011
Amendment: IFRS 1	First time adoption, on fixed dates and hyperinflation	1 July 2011
Amendment: IAS 12	Income taxes: deferred tax	1 January 2012

Standards, amendments and interpretations which have been issued but are not yet effective, and in some cases have not yet been endorsed by the EU, are as follows:

Standard or interpretation	Content	Applicable for financial years beginning on or after
IAS 28 (revised 2011)*	Associates and joint ventures	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11*	Joint arrangements	1 January 2014
IFRS 12*	Disclosures of Interests in Other Entities	1 January 2014
IFRS 13*	Fair Value Measurement	1 January 2013
IAS 19R (revised 2011)	Employee benefits	1 January 2013
Amendment: IAS 1	Financial statement presentation: Other comprehensive income	1 July 2012
IAS 27 (revised 2011)	Separate financial statements	1 January 2013
Amendment: IFRS 7	Financial instruments	1 January 2013
Amendment: IAS 32	Financial instruments: Presentation	1 January 2014
Amendment: IFRS 1*	First time adoption	1 January 2013

*These standards are not expected to be relevant to the group

IAS 19R – Employee benefits - is likely to have a significant impact on future financial statements when it is adopted. Under IAS 19R the interest cost on the defined benefit obligation, and the expected rate of return on plan assets, will be replaced with a net interest charge that is calculated by applying the discount rate to the net defined benefit liability. With effect from 1 January 2013 this is likely to result in a higher charge being recognised in the income statement. Preliminary indication is that the impact of adopting IAS 19R will be an additional charge to profit in 2013 of up to £1.0 million.

1. COMPARATIVE RESULTS

Comparative figures for the year ended 31 December 2011 are taken from the company's statutory accounts which have been delivered to the Registrar of Companies with an unqualified audit report. Copies of the 2011 annual report and the 2012 interim report are available on the company's website (www.brammer.biz).

2. SEGMENTAL ANALYSIS

The Board has been identified as the chief operating decision-maker. The Board reviews the group's internal reporting as the basis for assessing performance and allocating resources. Management has determined the operating segments based on these reports. The group is primarily controlled on a country by country basis, in line with the legal structure, and accordingly the operating segments are unchanged from those previously reported.

The group's internal reporting is primarily based on performance reports run at 'management' exchange rates – exchange rates which are set at the beginning of each year. For 2012 the primary management rate used was €1.20 : £1.

Accordingly the segment information below is shown at the 'management' exchange rates with the exchange effect being a reconciling item between the segment results and the totals reported in the financial statements at actual exchange rates. The management rate applies to income statement, balance sheet and cash flows.

The Board assesses the performance of the operating segments based on their underlying operating profit, which comprises profit before interest and taxation, excluding amortisation of acquired intangibles and non-recurring or exceptional items such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event.

Segment assets include property, plant and equipment, other intangible assets, inventories, and trade and other receivables. All inter-segmental trading is on an arms-length basis.

	UK	Germany	France	Spain	Benelux	Eastern Europe	Other operating segments	**Total**
	£m	£m	£m	£m	£m	£m	£m	**£m**
Year ended 31 December 2012								
Continuing operations								
Revenue								
Total revenue	287.2	118.0	88.5	43.6	54.3	48.8	16.7	**657.1**
Inter company sales	(3.8)	(2.4)	(0.8)	(0.8)	(1.2)	(0.4)	(0.4)	**(9.8)**
Sales to external customers	283.4	115.6	87.7	42.8	53.1	48.4	16.3	**647.3**
Exchange effect								**(7.7)**
Total sales to external customers								**639.6**
Underlying operating profit	18.1	7.9	4.4	4.3	2.8	0.9	(0.6)	**37.8**
Exchange effect								**(0.6)**
Total underlying operating profit								**37.2**
Amortisation of acquired intangibles								**(1.3)**
Exceptional items								**(6.4)**
Total operating profit								**29.5**
Finance expense								**(2.8)**
Finance income								**0.1**
Profit before tax								**26.8**
Tax								**(7.0)**
Profit for the year								**19.8**
Segment assets	89.4	33.7	33.1	17.2	24.7	25.9	8.2	**232.2**
Exchange effect								**(1.7)**
								230.5
Goodwill								**89.8**
Acquired intangibles								**10.4**
Cash								**2.2**
Deferred tax								**8.9**
Total assets								**341.8**

2. SEGMENTAL ANALYSIS (continued)

	UK	Germany	France	Spain	Benelux	Eastern Europe	Other operating segments	**Total**
	£m	£m	£m	£m	£m	£m	£m	**£m**
Other segment items								
Continuing operations								
Capital expenditure								
- intangible assets	0.6	0.1	0.1	0.1	0.3	-	3.2	**4.4**
- property , plant and equipment	2.2	0.2	0.5	0.2	0.5	0.3	0.8	**4.7**
Exchange effect								**-**
Total capital expenditure								**9.1**
Amortisation/depreciation								
- intangible assets	(0.1)	(0.1)	-	-	(0.2)	-	(1.9)	**(2.3)**
- property, plant and equipment	(1.2)	(0.2)	(0.3)	(0.3)	(0.4)	(0.4)	(0.2)	**(3.0)**
Exchange effect								**0.2**
Total amortisation/depreciation								**(5.1)**

	UK	Germany	France	Spain	Benelux	Eastern Europe	Other operating segments	**Total**
	£m	£m	£m	£m	£m	£m	£m	**£m**
Year ended 31 December 2011								
Continuing operations								
Revenue								
Total revenue	193.4	118.7	85.5	43.8	50.9	56.9	18.0	**567.2**
Inter company sales	(2.9)	(3.2)	(1.0)	(0.9)	(1.7)	(0.1)	(0.3)	**(10.1)**
Sales to external customers	190.5	115.5	84.5	42.9	49.2	56.8	17.7	**557.1**
Exchange effect								**14.4**
Total sales to external customers								**571.5**
Underlying operating profit	9.4	7.8	4.0	3.3	2.6	3.6	0.2	**30.9**
Exchange effect								**0.9**
Total underlying operating profit								**31.8**
Amortisation of acquired intangibles								**(1.3)**
Exceptional items								**(3.2)**
Total operating profit								**27.3**
Finance expense								**(2.9)**
Finance income								**0.1**
Profit before tax								**24.5**
Tax								**(6.2)**
Profit for the year								**18.3**
Segment assets	89.4	27.8	31.1	15.3	22.3	28.5	8.7	**223.1**
Exchange effect								**0.6**
								223.7
Goodwill								**90.0**
Acquired intangibles								**11.7**
Cash								**15.9**
Deferred tax								**6.6**
Total assets								**347.9**
Other segment items								
Continuing operations								
Capital expenditure								
- intangible assets	0.1	0.1	0.2	0.1	0.3	-	2.5	**3.3**
- property , plant and equipment	1.0	0.2	0.2	0.4	0.4	0.6	0.1	**2.9**
Exchange effect								**0.1**
Total capital expenditure								**6.3**
Amortisation/depreciation								
- intangible assets	(0.1)	(0.1)	-	(0.1)	(0.1)	-	(1.2)	**(1.6)**
- property, plant and equipment	(0.9)	(0.2)	(0.3)	(0.3)	(0.4)	(0.4)	(0.3)	**(2.8)**
Exchange effect								**-**
Total amortisation/depreciation								**(4.4)**

The table below details the 'management rate' used and the actual exchange rates used for the primary exchange rate of Sterling to Euro for the year and the comparative year

	2012	2011
Management rate	**€1.20**	€1.20
Actual average rate	**€1.230**	€1.152
Year end rate	**€1.233**	€1.192

3. EARNINGS PER SHARE

	2012		
		Earnings per share	
	Earnings £m	Basic	Diluted
Weighted average number of shares in issue ('000) Total		**117,117**	**120,980**
Profit for the financial year	**19.8**	**16.9p**	**16.4p**
Amortisation of acquired intangibles	**1.3**		
Exceptional items	**6.4**		
Tax on exceptional items	**(1.6)**		
Tax on amortisation of acquired intangibles	**(0.3)**		
Earnings before amortisation of acquired intangibles and exceptional items	**25.6**	**21.9p**	**21.2p**

The increase in the weighted average number of shares in the year reflects the full year impact of the 10,535,000 shares issued by way of a placing in September 2011.

	2011		
		Earnings per share	
	Earnings £m	Basic	Diluted
Weighted average number of shares in issue ('000) Total		109,019	111,759
Profit for the financial year	18.3	16.8p	16.4p
Amortisation of acquired intangibles	1.3		
Exceptional items	3.2		
Tax on exceptional items	(0.9)		
Tax on amortisation of acquired intangibles	(0.3)		
Earnings before amortisation of acquired intangibles and exceptional items	21.6	19.8p	19.3p

4. EXCEPTIONAL ITEMS

2012
A total pre-tax operating exceptional charge of £6.4 million has been recognised in 2012. As part of the continuing programme of integrating the Buck & Hickman business, which was acquired on 30 September 2011, further lines of stock identified as no longer integral to Brammer's core tools & general maintenance product portfolio and future trading strategy were written down to their estimated net realisable value. The resulting £0.8 million charge has been recognised as an exceptional item. Software which will no longer be developed or supported in the combined business going forward has been written down to reflect its revised estimated useful life resulting in a £0.8 million charge.

A wider review of the group's operating cost base resulted in headcount and other restructuring costs of £4.8 million being incurred and recognised as an exceptional charge. These actions were taken in response to the challenging market conditions in which the group operated during the year, to optimise headcount in order to continue to realise operational benefits in the UK business and the wider group.

	2012 £m	2011 £m
Included in operating profit		
Stock written down	**0.8**	0.4
Write down of intangible assets	**0.8**	-
Headcount and other restructuring costs	**4.8**	1.5
Branch co-location costs	-	0.8
Acquisition costs	-	0.5
Total exceptional items	**6.4**	3.2

2011
Following the acquisition of the Buck & Hickman business in September 2011, the following exceptional charges were recognised in 2011. Acquisition costs of £0.5 million incurred, together with £0.8 million of branch co-location costs and a £0.4 million charge for write-down of stock, being related costs incurred up to 31 December 2011 in the first phase of integrating the business with that of Brammer UK, were recognised as exceptional costs in the income statement. In addition a further charge of £1.5 million, the majority of which related to restructuring actions taken in the wider group as first steps in realising operational benefits from the acquisition, was also included in the total pre-tax operating exceptional charge of £3.2 million.

5. CASH FLOW FROM OPERATING ACTIVITIES

	2012 £m	2011 £m
Profit for the year attributable to equity shareholders	**19.8**	18.3
Tax charge	**7.0**	6.2
Depreciation of tangible and intangible assets	**7.9**	5.7
Share options – value of employee services	**2.0**	2.0
Gain on sale of property, plant and equipment	**(0.1)**	(0.3)
Financing expense	**2.7**	2.8
Movement in working capital (excluding the effect of exchange movements and fair value adjustments)	**(14.1)**	(6.5)
Cash generated from operations after exceptional items	**25.2**	28.2

6. CLOSING NET DEBT

	2012 £m	2011 £m
Borrowings – current	**(3.2)**	(3.4)
Borrowings – non-current	**(52.8)**	(47.8)
Cash and cash equivalents	**2.2**	15.9
Closing net debt	**(53.8)**	(35.3)

7. CHANGES IN SHAREHOLDERS' EQUITY

The statement of changes in shareholders equity is shown as a primary statement.

Purchase of own shares

During the period the company acquired 634,026 of its own shares of 20p each through the Brammer plc Employee Share Ownership Trust ("the Trust") for an aggregate consideration of £1,136,676, which has been deducted from shareholders' equity.

The shares are held by the Trust to meet vestings under the group's performance share plans and share matching plans. Tranches of these plans vested during the period and 806,794 shares were transferred to directors and senior managers in order to meet vestings under these plans.

At 31 December 2012 the Trust held a total of 6,078 shares in the company in order to meet part of the company's liabilities under the performance share plans and share matching plans. The Trust deed contains a waiver provision in respect of these shares.

The number of ordinary 20p shares in issue at 31 December 2012 was 117,204,074 (31 December 2011: 116,944,074).

Dividends

A dividend, amounting to £6.7 million, which related to 2011 was paid on 5 July 2012 (2011: £4.8 million). An interim dividend amounting to £3.5 million (2011: £3.1 million) was paid on 2 November 2012. The directors propose a final dividend of 6.4p per share (2011: 5.7p) payable on 2 July 2013. This final dividend amounting to £7.5 million (2011: £6.7 million) has not been recognised as a liability in these financial statements.

Retained earnings as disclosed in the Balance Sheet above represent the retained earnings and treasury share balances above.

8. PRELIMINARY ANNOUNCEMENT

A copy of the preliminary announcement is available for inspection at the registered office of the company, St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD and the offices of Hudson Sandler Limited, 29 Cloth Fair, London, EC1A 7NN. It will also be available on the company's website www.brammer.biz from 19 February 2013.

9. FINAL DIVIDEND

Relevant dates concerning the payment of the final dividend are:

Annual general meeting	17 May 2013
Record date	7 June 2013
Payment date	2 July 2013

10. STATUTORY ACCOUNTS

This preliminary announcement is taken from the full audited statutory accounts which will be filed with the Registrar of Companies following the company's annual general meeting. The statutory accounts have received an unqualified report by the auditors and do not contain any statements under section 498 (2) or (3) of the Companies Act 2006.