

A large, stylized, multi-pointed star graphic is centered on the page. The star is composed of numerous triangular segments radiating from a central point, creating a complex, geometric pattern. The segments are shaded in various tones of gray, giving the star a three-dimensional, faceted appearance. The star is positioned on the left side of the page, extending towards the center.

BROOKS MACDONALD ✨
Group plc

Interim Report

for the six months ended 31 December 2008

Group overview

There are three trading companies within the Group. Brooks Macdonald Asset Management Limited and Brooks Macdonald Financial Consulting Limited are both authorised and regulated by the Financial Services Authority and offer a fee based service to a range of clients. Brooks Macdonald Services Limited, which is not regulated, provides custody and nominee services to our clients.

Brooks Macdonald Asset Management provides a bespoke, personalised fund management service mainly to individuals but also to trusts and charities. Brooks Macdonald Financial Consulting advises individuals, families and businesses of all sizes on a long term-basis on a broad range of services including pensions, taxation, mortgages and employee benefits.

Brooks Macdonald Asset Management and Brooks Macdonald Financial Consulting have their own client bank as well as sharing a number of clients. The two companies frequently work in tandem with one another as well as cross referring clients who require specialist areas of expertise. The three trading companies share the central resources of compliance, accounts, personnel, marketing, IT and training all of which are dealt with in-house.

Chairman's statement



I am pleased to report a strong set of results for the first half of our financial year, the six months ended 31 December 2008.

On turnover of £9.65million, an increase of 23.4% over the corresponding period last year, we have achieved pre-tax profits of £1.26million, a rise of 46%. Earnings per share have increased from 6.74p to 8.35p.

Funds under management at 31 December 2008 were £1.21 billion, compared with £1.18 billion at 30 June 2008. This increase is a considerable achievement when viewed in the context of the sharp decline in global markets over that time. Our new business efforts have continued to be very successful, particularly in the SIPP's market and through various strategic alliances. Our two regional offices, in Winchester and Manchester, have performed well: we intend to expand our regional presence in the coming months. We have continued to recruit high quality experienced fund managers, and to invest in the further development of the business. Our performance continues to be robust, which coupled with high cash weightings should lead to increased profitability in the second half of the financial year.

Reflecting the continued growth of the business, Nicholas Holmes and Andrew Shepherd were appointed Joint Managing Directors of Brooks Macdonald Asset Management in September 2008.

Brooks Macdonald Services also had a strong six months. It gives the Group considerable operational leverage and enables expansion of our asset management business without the back office constraints.

Brooks Macdonald Financial Consulting has inevitably been affected by the economic downturn and did well to achieve a turnover only slightly below that of last year.

The economic outlook continues to be highly challenging, and is clearly a significant threat to investment assets. Equally we believe that it presents us with a number of opportunities, given our effective distribution channels and the quality of our staff.

A handwritten signature in black ink, appearing to read 'Christopher Knight', with a horizontal line underneath.

Christopher Knight
Chairman
17 March 2009

Consolidated income statement

for the six months ended 31 December 2008

	Note	31 December 2008 (unaudited) £	31 December 2007 (unaudited & restated) £	30 June 2008 (audited) £
Revenue		9,646,264	7,810,900	16,786,350
Administrative costs		<u>(8,530,789)</u>	<u>(7,114,561)</u>	<u>(15,074,405)</u>
Operating profit		1,115,475	696,339	1,711,945
Finance income		144,004	166,616	315,530
Profit before taxation		<u>1,259,479</u>	<u>862,955</u>	<u>2,027,475</u>
Taxation		<u>(425,703)</u>	<u>(201,079)</u>	<u>(808,384)</u>
Profit for the period		<u>833,776</u>	<u>661,876</u>	<u>1,219,091</u>
Earnings per share	3			
Basic earnings per share		8.35p	6.74p	12.41p
Diluted earnings per share		<u>8.22p</u>	<u>6.54p</u>	<u>12.08p</u>

Consolidated interim balance sheet

As at 31 December 2008

	Note	31 December 2008 (unaudited) £	31 December 2007 (unaudited & restated) £	30 June 2008 (audited) £
Assets				
Non current assets				
Property, plant and equipment		1,192,982	631,093	876,941
Intangible assets	5	517,401	444,189	605,271
Total non current assets		<u>1,710,383</u>	<u>1,075,282</u>	<u>1,482,212</u>
Current assets				
Trade and other receivables		2,435,492	2,407,387	2,840,270
Deferred taxation		-	98,883	20,980
Available for sale financial assets	6	804,975	37	-
Cash and cash equivalents		5,813,752	5,205,122	5,923,712
Total current assets		<u>9,054,219</u>	<u>7,711,429</u>	<u>8,784,962</u>
Total assets		10,764,602	8,786,711	10,267,174
Current liabilities				
Trade and other payables		(3,679,835)	(2,970,924)	(4,037,849)
Current tax liabilities		(403,490)	(781,720)	(310,482)
Total current liabilities		<u>(4,083,325)</u>	<u>(3,752,644)</u>	<u>(4,348,331)</u>
Non current liabilities				
Provisions	7	(189,930)	(194,800)	(53,607)
Other non current liabilities		(17,188)	(23,439)	(20,313)
Total non current liabilities		<u>(207,118)</u>	<u>(218,239)</u>	<u>(73,920)</u>
Net assets		<u>6,474,159</u>	<u>4,815,828</u>	<u>5,844,923</u>
Financed by:				
Equity				
Share capital		99,875	98,131	99,850
Share premium account		1,574,506	1,365,910	1,571,031
Other reserves		955,340	548,863	813,903
Retained earnings		3,844,438	2,802,924	3,360,139
Total equity		<u>6,474,159</u>	<u>4,815,828</u>	<u>5,844,923</u>

Consolidated interim cash flow statement

for the six months ended 31 December 2008

	Note	Six months ended 31 December 2008 (unaudited) £	Six months ended 31 December 2007 (unaudited & restated) £	Year ended 30 June 2008 (audited) £
Cash inflow from operating activities				
Cash generated from operations	8	1,632,909	769,005	2,642,457
Taxation paid		<u>(330,079)</u>	<u>-</u>	<u>(836,285)</u>
Net cash from operating activities		<u>1,302,830</u>	<u>769,005</u>	<u>1,806,172</u>
Cash flow from investing activities				
Purchase of property, plant and equipment		(451,518)	(254,030)	(605,519)
Purchase of intangible assets		(20,906)	(211,794)	(534,636)
Purchase of investment securities		(738,393)	-	-
Interest received		144,004	166,616	315,530
Net cash used in investing activities		<u>(1,066,813)</u>	<u>(299,208)</u>	<u>(824,625)</u>
Cash flows from financing activities				
Proceeds of issue of shares		3,500	-	206,840
Dividends paid to shareholders		<u>(349,477)</u>	<u>(220,795)</u>	<u>(220,795)</u>
Net cash used in financing activities		<u>(345,977)</u>	<u>(220,795)</u>	<u>(13,955)</u>
Net (decrease)/ increase in cash and cash equivalents				
Cash and cash equivalents at start of period		5,923,712	4,956,120	4,956,120
Cash and cash equivalents at end of period		<u>5,813,752</u>	<u>5,205,122</u>	<u>5,923,712</u>

Consolidated statement of changes in equity

from 1 July 2007 to 31 December 2008

	Share capital	Share premium account	Share option reserve (restated-note a)	Merger reserve	Available for sale reserve	Retained earnings (restated-note a)	Total
	£	£	£	£	£	£	£
At 1 July 2007	98,131	1,365,910	357,322	191,541	-	2,361,843	4,374,747
Profit for the period	-	-	-	-	-	661,876	661,876
Dividends paid	-	-	-	-	-	(220,795)	(220,795)
At 31 December 2007	98,131	1,365,910	357,322	191,541	-	2,802,924	4,815,828
Issue of shares for cash	1,719	205,121	-	-	-	-	206,840
Profit for the period	-	-	-	-	-	557,215	557,215
Deferred tax-share options	-	-	27,071	-	-	-	27,071
Share option movement	-	-	237,969	-	-	-	237,969
At 30 June 2008	99,850	1,571,031	622,362	191,541	-	3,360,139	5,844,923
Issue of shares for cash	25	3,475	-	-	-	-	3,500
Profit for the period	-	-	-	-	-	833,776	833,776
Fair value gain on available for sale assets	-	-	-	-	66,582	-	66,582
Dividends paid	-	-	-	-	-	(349,477)	(349,477)
Deferred tax-share options	-	-	(18,367)	-	-	-	(18,367)
Share option movement	-	-	93,222	-	-	-	93,222
At 31 December 2008	99,875	1,574,506	697,217	191,541	66,582	3,844,438	6,474,159

Note (a) The figures for 31 December 2007 have been restated resulting from the adjustments made in the year ended 30 June 2007 in respect of presenting the Group's financial statements under IFRS.

Notes to the consolidated interim accounts

for the six months ended 31 December 2008

1. Basis of preparation

These interim accounts are presented in accordance with IAS 34 "Interim Financial Reporting". The interim accounts have been prepared on basis of the accounting policies, methods of computation and presentation set out in the Group's consolidated accounts for the year ended 30 June 2008 except as stated below. The interim accounts should be read in conjunction with the Group's audited accounts for the year ended 30 June 2008.

There is an additional accounting policy in respect of available for sale financial assets. These financial assets are initially recognised at fair value with any subsequent changes in fair value recognised directly in equity. When an asset is disposed of or impaired, any cumulative gain or loss previously recognised in equity is transferred to the income statement.

The information in this announcement does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The Group's accounts for the year ended 30 June 2008 have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not draw attention to any matters by way of emphasis. They also did not contain a statement under section 237(2) of the Companies Act 1985.

2. Segmental information

For management purposes the Group's activities are organised into two operating divisions, investment management and financial planning. The Group's other activity, offering nominee and custody services to clients, has been included in investment management. These divisions are the basis on which the Group reports its primary segmental information.

Revenues and expenses are allocated to the business segment that originated the transaction. Revenues and expenses that are not directly originated by a business segment are reported as unallocated. Centrally incurred expenses are allocated to business segments on an appropriate pro-rata basis. Segmental assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet.

Notes to the consolidated interim accounts

for the six months ended 31 December 2008

2. Segmental information (continued)

Period ended 31 December 2008 (unaudited)	Investment management £	Financial planning £	Total £
Total revenues	8,591,624	1,300,903	9,892,527
Inter company revenues	(246,263)	-	(246,263)
External revenues	<u>8,345,361</u>	<u>1,300,903</u>	<u>9,646,264</u>
Segmental result	1,463,693	57,079	1,520,772
Unallocated items			(261,293)
Profit before tax			<u>1,259,479</u>
Taxation			(425,703)
Profit for the period			<u>833,776</u>
At 31 December 2008			
Segment assets	8,893,783	1,870,395	10,764,178
Unallocated assets			424
Total assets			<u>10,764,602</u>
Segment liabilities	2,160,307	1,741,862	3,902,169
Unallocated liabilities			388,274
Total liabilities			<u>4,290,443</u>
Capital expenditure	-	451,518	451,518
Depreciation	-	244,250	244,250
Provisions charged	147,500	57,430	204,930
Provisions utilised	21,607	47,000	68,607

Notes to the consolidated interim accounts

for the six months ended 31 December 2008

2. Segmental information (continued)

Period ended 31 December 2007 (unaudited & restated)	Investment management £	Financial planning £	Total £
Total revenues	6,461,963	1,416,321	7,878,284
Inter company revenues	(67,384)	-	(67,384)
External revenues	<u>6,394,579</u>	<u>1,416,321</u>	<u>7,810,900</u>
Segmental result	885,080	55,785	940,865
Unallocated items			(77,910)
Profit before tax			<u>862,955</u>
Taxation			(201,079)
Profit for the period			<u>661,876</u>
At 31 December 2007			
Segment assets	7,213,029	1,474,514	8,687,543
Unallocated assets			99,168
Total assets			<u>8,786,711</u>
Segment liabilities	2,365,812	1,384,255	3,750,067
Unallocated liabilities			220,816
Total liabilities			<u>3,970,883</u>
Capital expenditure	-	254,030	254,030
Depreciation	-	221,749	221,749
Provisions charged	18,000	19,500	37,500
Provisions utilised	30,000	17,690	47,690

Notes to the consolidated interim accounts

for the six months ended 31 December 2008

2. Segmental information (continued)

Year ended 30 June 2008 (audited)	Investment management £	Financial planning £	Total £
Total revenues	14,404,098	2,648,611	17,052,709
Inter company revenues	(266,359)	-	(266,359)
External revenues	<u>14,137,739</u>	<u>2,648,611</u>	<u>16,786,350</u>
Segmental result	2,163,496	127,021	2,290,517
Unallocated items			<u>(263,042)</u>
Profit before tax			2,027,475
Taxation			<u>(808,384)</u>
Profit for the year			<u>1,219,091</u>
At 30 June 2008			
Segment assets	7,711,961	1,426,073	9,138,034
Unallocated assets			<u>1,129,140</u>
Total assets			<u>10,267,174</u>
Segment liabilities	2,299,596	1,495,319	3,794,915
Unallocated liabilities			<u>627,336</u>
Total liabilities			<u>4,422,251</u>
Capital expenditure	-	605,519	605,519
Depreciation	-	489,150	489,150
Provisions charged	9,607	23,000	32,607
Provisions utilised	66,000	117,990	183,990

Notes to the consolidated interim accounts

for the six months ended 31 December 2008

Geographical segments

The Group's operations are all located in the United Kingdom.

3. Earnings per share

	Six months ended 31 December 2008 (unaudited)	Six months ended 31 December 2007 (unaudited & restated)	Year ended 30 June 2008 (audited)
	£	£	£
Earnings attributable to ordinary shareholders	833,776	661,876	1,219,091
	No.	No.	No.
Weighted average number of shares	9,982,942	9,813,100	9,813,100
Share issues	<u>2,500</u>	<u>-</u>	<u>10,209</u>
Basic earnings per share denominator	9,985,442	9,813,100	9,823,309
Issuable on exercise of options	<u>154,357</u>	<u>308,334</u>	<u>268,504</u>
Diluted earnings per share denominator	<u>10,139,799</u>	<u>10,121,434</u>	<u>10,091,813</u>
Basic earnings per share	8.35p	6.74p	12.41p
Diluted earnings per share	8.22p	6.54p	12.08p

4. Dividends

	Six months ended 31 December 2008 (unaudited)	Six months ended 31 December 2007 (unaudited & restated)	Year ended 30 June 2008 (audited)
	£	£	£
Paid final dividend on ordinary shares	<u>349,477</u>	<u>220,795</u>	<u>220,795</u>

5. Intangible assets

Intangible assets relate to payments made to key fee earners in return for an alternative commission structure and deferred payments in respect of the acquisition of new teams of fund managers.

Notes to the consolidated interim accounts

for the six months ended 31 December 2008

6. Available for sale financial assets

	Six months ended 31 December 2008 (unaudited)	Six months ended 31 December 2007 (unaudited & restated)	Year ended 30 June 2008 (audited)
	£	£	£
At 1 July 2008	-	37	37
Additions - UK Government Gilt	738,393	-	-
Gains from changes in fair value	66,582	-	-
Provision for the period	-	-	(37)
At 31 December 2008	<u>804,975</u>	<u>37</u>	<u>-</u>

7. Non current provisions

	31 December 2008 (unaudited)	31 December 2007 (unaudited & restated)	30 June 2008 (audited)
	£	£	£
At 1 July 2008	53,607	204,990	204,990
Charged to income statement	204,930	37,500	32,607
Paid during the period	(68,607)	(47,690)	(183,990)
At 31 December 2008	<u>189,930</u>	<u>194,800</u>	<u>53,607</u>

Provisions relate to the potential liability resulting from client complaints against the Group. The complaints are assessed on a case by case basis and provisions for compensation are made where judged necessary. Complaints are on average settled within eight months from the date of notification of the complaint.

8. Reconciliation of operating profit and net cash inflow from operating activities

	31 December 2008 (unaudited)	31 December 2007 (unaudited & restated)	30 June 2008 (audited)
	£	£	£
Operating profit	1,115,475	696,339	1,711,945
Depreciation	135,474	88,707	194,347
Amortisation of intangible assets	108,776	133,042	294,803
Financial assets written down	-	-	37
Decrease/(increase) in debtors	404,778	333,106	(99,777)
(Decrease)/increase in creditors	(358,014)	(612,409)	454,516
Increase/(decrease) in provisions	133,198	(10,190)	(151,383)
Share based payments	93,222	140,410	237,969
Net inflow	<u>1,632,909</u>	<u>769,005</u>	<u>2,642,457</u>

Independent Review Report

Introduction

We have been instructed by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 set out on pages 3 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The AIM Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This half-yearly financial report has been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting".

The maintenance and integrity of the company's website is the responsibility of the directors; the work we have carried out does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the condensed set of financial statements presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Independent Review Report (continued)

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

St Paul's House
Warwick Lane
LONDON EC4M 7BP

Moore Stephens LLP
Registered Auditors
Chartered Accountants

17 March 2009

Directors and advisors

Directors

C J Knight	Non-executive Chairman
C A J Macdonald	Chief Executive
J M Gumpel	Executive Director
S J Jackson	Finance Director
N H Lawes	Executive Director
R H Spencer	Investment Director
S P Wombwell	Non-executive Director

Company Secretary

S J Jackson

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HSBC City of London Branch

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