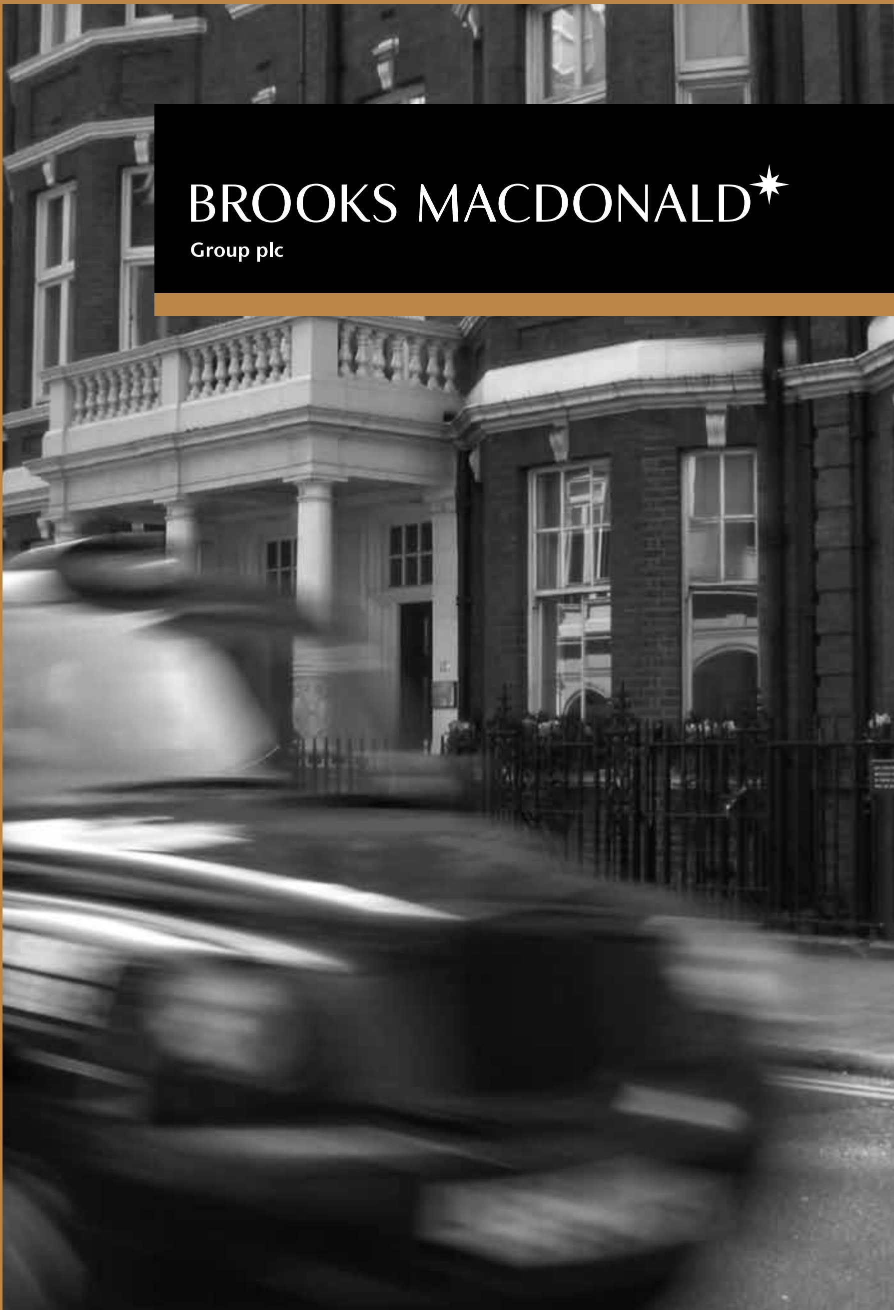

BROOKS MACDONALD

Group plc

Half Yearly Financial Report

for the six months ended 31 December 2011

111 Park Street London W1K 7JL

Group overview

Brooks Macdonald Group plc is an AIM listed integrated wealth management group. The group consists of four principal companies: Brooks Macdonald Asset Management Limited, a discretionary asset management business; Brooks Macdonald Financial Consulting Limited, a financial advisory and employee benefits consultancy; Brooks Macdonald Funds Limited, a specialist fund manager; and Braemar Estates Limited, an estate management company.

Brooks Macdonald Asset Management provides a bespoke, fee based, investment management service to private high net worth individuals, charities and trusts. It also provides in-house custody, nominee and dealing services and has offices in London, Manchester, Hampshire, Tunbridge Wells, Edinburgh and most recently, Taunton.

Brooks Macdonald Financial Consulting is London based and provides fee based, independent advice to high net worth individuals, families and businesses.

Brooks Macdonald Funds is based in Hale and acts as fund manager to our regulated OEICs as well as providing specialist funds in the property and structured return sectors.

Braemar Estates Limited is also based in Hale and it manages property assets on behalf of the Brooks Macdonald funds and other clients.

The Brooks Macdonald Group has developed under stable management since formation in 1991and now has in excess of 280 staff throughout the UK. The group's shares are listed on AIM, with management and staff retaining considerable ownership of the business.

+33%

Pre-tax profit was £4.08 million compared to £3.06 million, an increase of 33%

+32%

Basic earnings per share increased from 20.26p to 26.68p, an increase of 32%

+20%

Interim dividend has increased from 5p to 6p, an increase of 20%

+19%

Funds under management have increased from £2.689 billion to £3.205 billion in the year to 31 December 2011, an increase of 19%

Chairman's Statement

Christopher Knight, Chairman

"In spite of considerable market volatility in the first six months of its financial year the Group has continued to grow both funds under management and profit."

Introduction

In spite of considerable market volatility in the first six months of its financial year the Group has continued to grow both funds under management and profit.

Results

Profit before tax has risen to £4.08 million compared with £3.06 million for the corresponding period twelve months ago, an increase of 33.2%.

Adjusting for the change in billing frequency at December 2010 and changes in the reporting of revenue in anticipation of the Retail Distribution Review, the growth in revenue over the corresponding period was 16%.

Cash balances remain strong at £9.5million following the initial payment for the acquisition of the Clarke Willmott Investment Management business and the maturity of a cash based long term incentive plan during the period.

As a result of these strong results the board has declared an interim dividend of 6p, compared with last year's interim dividend of 5p, an increase of 20%, reflecting confidence in the Group's prospects. It is the board's intention to maintain a progressive dividend policy.

Funds under management

As already announced, discretionary funds under management at 31 December 2011 were £3.205 billion, an increase of £236 million (8%) in the six months, a period in which the APCIMS Balanced index fell by 4%. This was principally as a result of continued strong new business and stable investment management performance together with the benefit of the acquisition of the investment management division of Clarke Willmott which was completed on 31 October 2011. As at that date a total of £114 million of discretionary client assets transferred with the team.

Chairman's Statement

Included in the above total is Brooks Macdonald Funds; it had funds under management of £114 million at the half year end (30 June 2011: £101 million). In addition Braemar Estates had property assets under administration of £780 million as at 31 December 2011 (30 June 2011: £750 million).

Strategies for growth

The Group has made considerable investments over the past six months. The Clarke Willmott team has now formed the basis of our new office in Taunton and initial progress and integration have been in line with our expectations. It was particularly pleasing to note that over 96% of clients elected to transfer their investment mandates to Brooks Macdonald which is testament to the investment management team we have acquired in Taunton.

In addition we are investing in our new Funds business and in back office systems. The former was launched in July 2011 and has grown steadily in spite of poor market conditions. We have now built an investment sales and support team to allow considerable growth; investment will continue during the second half of the financial year.

In our back office we are looking to take over more of the investment management administration and plan to manage 100% of this process as from April, becoming an Application Service Provider ('ASP'). Whilst this is a considerable investment it will allow significant economies of scale for many years.

A vital element of our organic growth strategy is our continuing investment in our people and promotion of our strong culture. Total staff numbers grew from 247 to 273 in the period, including an increase in investment managers from 43 to 50 as well as the recruitment of additional trainees. This provides the capacity for further growth in funds under management.

Chairman's Statement

We are also proud to have recently been listed as the third best place to work by The Sunday Times' 100 Best Companies To Work For 2012 survey and to have been awarded an Incisive Media Gold Standard for portfolio management.

In January, we signed a three year sponsorship deal of Middlesex County Cricket Club. This is intended to further increase the visibility of the Brooks Macdonald brand amongst our target client base, as well as being a logical expansion of our long running sponsorship of schools' sports teams and other amateur sports clubs.

Regulation

The Retail Distribution Review ('RDR') is now less than twelve months away and this is legislation we welcome. Transparency, higher professional standards, and an industry that engages more with clients are certainly outcomes that we support. RDR aside, regulatory requirements continue to increase for all involved in the financial services industry.

Summary and outlook

Since the period end, funds under management have continued to grow aided by improving market conditions. We continue to grow all aspects of the business, with additional recruitment, investment in systems and web development, promotion of our brand, and expansion in both financial consulting and our estates business. With this investment, the quality of staff and the support of the professional intermediary market we look forward, in spite of continued market uncertainty, with confidence.

Christopher Knight
Chairman
12 March 2012

Condensed consolidated income statement

for the six months ended 31 December 2011

	Note	Six months ended 31 Dec 2011 (unaudited) £'000	Six months ended 31 Dec 2010 (unaudited) £'000	Year ended 30 June 2011 (audited) £'000
Revenue	4	**25,611**	**25,068**	**52,178**
Administrative costs	5	**(21,571)**	**(22,005)**	**(44,950)**
Operating profit		**4,040**	**3,063**	**7,228**
Finance income		64	59	148
Finance cost		(28)	(63)	(87)
Profit before taxation expense		**4,076**	**3,059**	**7,289**
Taxation expense	6	(1,221)	(938)	(1,847)
Profit for the period attributable to equity holders of the company		**2,855**	**2,121**	**5,442**
Statement of comprehensive income				
Profit after tax for the period attributable to equity holders of the company		2,855	2,121	5,442
Revaluation of available for sale investments		7	-	45
Transfer of share based payments exercised during the period		56	-	448
Total comprehensive income		**2,918**	**2,121**	**5,935**
Earnings per share for the profit attributable to equity holders of the company	7			
Basic earnings per share		26.68p	20.26p	51.92p
Diluted earnings per share		26.10p	19.46p	50.51p

The accompanying notes from pages 10 to 21 form an integral part of these interim consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2011

	Note	31 Dec 2011 (unaudited) £'000	31 Dec 2010 (unaudited) £'000	30 June 2011 (audited) £'000
Assets				
Non current assets				
Intangible assets	9	10,095	6,486	6,023
Property, plant and equipment	10	2,222	2,194	1,892
Available for sale financial assets	11	1,571	-	1,561
Held to maturity investments		-	10	-
Deferred tax assets		860	1,695	1,495
Total non current assets		**14,748**	**10,385**	**10,971**
Current assets				
Trade and other receivables		11,310	8,398	9,861
Cash and cash equivalents		9,537	12,542	16,808
Total current assets		**20,847**	**20,940**	**26,669**
Total assets		**35,595**	**31,325**	**37,640**
Liabilities				
Non current liabilities		**(220)**	**(5)**	**(628)**
Current liabilities				
Trade and other payables	12	(12,124)	(13,362)	(16,899)
Current tax liabilities		(190)	(1,000)	(25)
Provisions	14	(2,708)	(1,166)	(1,037)
Total current liabilities		**(15,022)**	**(15,528)**	**(17,961)**
Net assets		**20,353**	**15,792**	**19,051**
Equity				
Share capital		109	106	108
Share premium account		4,232	3,696	4,126
Other reserves		2,564	2,350	2,563
Retained earnings		13,448	9,640	12,254
Total equity		**20,353**	**15,792**	**19,051**

The condensed consolidated interim financial statements were approved by the Board of Directors and authorised for issue on 12 March 2012 and were signed on their behalf by:

C A J Macdonald Chief Executive	S J Jackson Finance Director

Company registered number 4402058

The accompanying notes from pages 10 to 21 form an integral part of these interim consolidated financial statements.

Condensed consolidated cash flow statement

for the six months ended 31 December 2011

	Note	Six months ended 31 Dec 2011 (unaudited) £'000	Six months ended 31 Dec 2010 (unaudited) £'000	Year ended 30 June 2011 (audited) £'000
Cash (outflow)/inflow from operating activities				
Cash generated from operations	15	(2,180)	3,412	10,764
Interest paid		(28)	(46)	(52)
Taxation paid		(660)	(1,301)	(2,492)
Net cash (used)/generated from operating activities		(2,868)	2,065	8,220
Cash flows from investing activities				
Purchase of property, plant and equipment		(717)	(438)	(484)
Purchase of intangible assets		(2,140)	(282)	(402)
Purchase of held to maturity investment		-	(1)	-
Purchase of available for sale asset		-	-	(1,500)
Acquisition of subsidiary company, net of cash acquired		-	(2,871)	(2,871)
Interest received		64	59	148
Proceeds of sale of held to maturity investment		-	-	9
Proceeds of sale of acquired relationships		-	-	401
Proceeds of sale of land and buildings		-	60	60
Proceeds of sale of investment properties		-	612	612
Proceeds of available for sale asset		-	194	194
Net cash used in investing activities		**(2,793)**	**(2,667)**	**(3,833)**
Cash flows from financing activities				
Proceeds of issue of shares		107	288	721
Purchase of own shares by employee benefit trust		(635)	(355)	(981)
Repayment of borrowings	16	-	(533)	(533)
Dividends paid to shareholders	8	(1,082)	(631)	(1,161)
Net cash used in financing activities		**(1,610)**	**(1,231)**	**(1,954)**
Net (decrease)/increase in cash and cash equivalents		**(7,271)**	**(1,833)**	**2,433**
Cash and cash equivalents at start of period		16,808	14,375	14,375
Cash and cash equivalents at end of period		**9,537**	**12,542**	**16,808**

The accompanying notes from pages 10 to 21 form an integral part of these interim consolidated financial statements.

Condensed consolidated statement of changes in equity

from 1 July 2010 to 31 December 2011

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Merger reserve £'000	Available for sale reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total £'000
At 1 July 2010	**102**	**2,012**	**1,599**	**192**	**-**	**-**	**8,505**	**12,410**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	2,121	2,121
Transfer	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**2,121**	**2,121**
Transactions with owners								
Issue of shares	4	1,684	-	-	-	-	-	1,688
Share options	-	-	176	-	-	-	-	176
Purchase of own shares by employee benefit trust	-	-	-	-	-	(355)	-	**(355)**
Share options deferred taxation	-	-	383	-	-	-	-	383
Dividends paid (note 8)	-	-	-	-	-	-	(631)	(631)
At 31 December 2010	**106**	**3,696**	**2,158**	**192**	**-**	**(355)**	**9,995**	**15,792**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	3,321	3,321
Other comprehensive income								
Revaluation of available for sale financial asset	-	-	-	-	45	-	-	45
Share based payments transfer	-	-	(448)	-	-	-	448	-
Total comprehensive income	**-**	**-**	**(448)**	**-**	**45**	**-**	**3,769**	**3,366**
Transactions with owners								
Issue of shares for cash	2	430	-	-	-	-	-	432
Share based payments	-	-	135	-	-	-	-	135
Purchase of own shares by employee benefit trust	-	-	-	-	-	(625)	-	(625)
Share options deferred taxation	-	-	481	-	-	-	-	481
Dividends paid (note 8)	-	-	-	-	-	-	(530)	(530)
At 30 June 2011	**108**	**4,126**	**2,326**	**192**	**45**	**(980)**	**13,234**	**19,051**

Condensed consolidated statement of changes in equity

from 1 July 2010 to 31 December 2011 (continued)

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Merger reserve £'000	Available for sale reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total £'000
At 30 June 2011	**108**	**4,126**	**2,326**	**192**	**45**	**(980)**	**13,234**	**19,051**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	2,855	2,855
Other comprehensive income								
Revaluation of available for sale financial asset	-	-	-	-	7	-	-	7
Share based payments transfer	-	-	(56)	-	-	-	56	-
Total comprehensive income	**-**	**-**	**(56)**	**-**	**7**	**-**	**2,911**	**2,862**
Transactions with owners								
Issue of shares for cash	1	106	-	-	-	-	-	107
Share based payments	-	-	286	-	-	-	-	286
Purchase of own shares by employee benefit trust	-	-	-	-	-	(635)	-	(635)
Share options deferred taxation	-	-	(236)	-	-	-	-	(236)
Dividends paid (note 8)	-	-	-	-	-	-	(1,082)	(1,082)
At 31 December 2011	**109**	**4,232**	**2,320**	**192**	**52**	**(1,615)**	**15,063**	**20,353**

The accompanying notes from pages 10 to 21 form an integral part of these interim consolidated financial statements.

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

1. General Information

Brooks Macdonald Group plc ('the company') is the parent company of a group of companies ('the group') which offers a range of investment management services and related professional advice to private high net worth individuals, charities, and trusts. The group also provides financial planning, offshore fund management and administration services, acts as fund managers to regulated OEICs, providing specialist funds in the property and structured return sectors and the management of property assets on behalf of the funds and other clients. The group's primary activities are set out in its annual report and accounts for the year ended 30 June 2011.

The group has offices in London, Hampshire, Manchester, Edinburgh, Tunbridge Wells, Hale and Taunton.

The company is public limited company, incorporated in England and listed on AIM. The address of the registered office is 111 Park Street, London W1K 7JL.

The consolidated interim financial information was approved for issue on 12 March 2012.

This condensed consolidated interim financial information has been reviewed not audited.

2. Basis of preparation

These interim accounts are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The interim accounts have been prepared on the basis of the accounting policies, methods of computation and presentation set out in the group's consolidated accounts for the year ended 30 June 2011 except as stated below. The interim accounts should be read in conjunction with the group's audited accounts for the year ended 30 June 2011, which has been prepared in accordance with IFRS as adopted by the European Union.

The information in this announcement does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The group's accounts for the year ended 30 June 2011 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 498(2) or (3) of the Companies Act 2006.

The group continues to adopt the going concern basis in preparing its consolidated interim financial statements.

Accounting policies
The accounting policies are consistent with those of the annual financial statements for the year ended 30 June 2011.

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

2. Basis of preparation (continued)

New and amended standards adopted by the group
In the current period there have been no new or revised Standards or Interpretations that have been adopted and have affected the amounts reported in these financial statements.

Standards not affecting the reported results of the financial position
The following new and revised standards and interpretations have been adopted in the current period. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

IAS 24 "Related Party Disclosures (revised 2009)"

Amendments to IAS 1 "Presentation of Financial Statements" as part of "Improvements to IFRS (2010)"

Amendments to IAS 34 "Interim Financial Reporting "as part of "Improvements to IFRS (2010)"

New standards and interpretations
A number of new standards, amendments to standards and interpretations are effective for annual and interim periods on or after 1 January 2012 and therefore have not been applied in preparing these condensed consolidated interim financial statements. None of these is expected to have a significant effect on the condensed consolidated interim financial statements and the consolidated financial statements of the group.

3. Financial risk factors

The group's activities expose it to a variety of financial risk, market risk, credit risk and liquidity risk. The principal risks that face the group in the six months are described on pages 46 to 48 of the annual report for the year ended 30 June 2011. There have been no significant changes affecting the fair value or classification of financial assets during the period.

4. Segmental information

For management purposes the group's activities are organised into three operating divisions: investment management, financial planning, and fund and property management. 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.

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

4. Segmental information (continued)

Period ended 31 December 2011 (unaudited)	Investment management £'000	Financial planning £'000	Funds & Estates £'000	Total £'000
Total segment revenues	24,394	1,292	1,509	27,195
Inter segment revenues	(1,216)	(368)	-	(1,584)
External revenues	23,178	924	1,509	25,611
Segmental result	5,069	22	(402)	4,689
Unallocated items				(613)
Profit before tax				4,076
Taxation				(1,221)
Profit for the period				**2,855**

Period ended 31 December 2010 (unaudited)	Investment management £'000	Financial planning £'000	Funds & Estates £'000	Total £'000
Total segment revenues	23,557	1,280	1,469	26,306
Inter segment revenues	(950)	(288)	-	(1,238)
External revenues	22,607	992	1,469	25,068
Segmental result	5,160	19	(275)	4,904
Unallocated items				(1,845)
Profit before tax				3,059
Taxation				(938)
Profit for the period				**2,121**

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

Year ended 30 June 2011(audited)	Investment management £'000	Financial planning £'000	Funds & Estates £'000	Total £'000
Total segment revenues	49,021	2,843	3,123	54,987
Inter segment revenues	(1,971)	(838)	-	(2,809)
External revenues	47,050	2,005	3,123	52,178
Segmental result	9,744	29	(637)	9,136
Unallocated items				(1,847)
Profit before tax				7,289
Taxation				(1,847)
Profit for the year				**5,442**

Geographical segments
The group's operations are all located in the United Kingdom.

Major clients
The group is not reliant on any one client or group of connected clients for the generation of revenues.

5. Administrative costs

The administrative costs include a provision of £140,000 in respect of an estimated levy from the Financial Services Compensation Scheme for the 2011/2012 levy year.

For the period ended 31 December 2010 there was a similar levy billed by the Financial Services Compensation Scheme of £545,000 in respect of the 2010/2011 levy year which is included in accruals.

6. Taxation

The current tax expense for the six months ended 31 December 2011 was calculated based on the estimated average annual effective tax rate. The overall effective tax rate for this period was 29.95% (30 June 2010: 25.32%; 31 December 2010: 30.66%).

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

6. Taxation (continued)

	Six months ended 31 Dec 2011 (unaudited) £'000	Six months ended 31 Dec 2010 (unaudited) £'000	Year ended 30 June 2011 (audited) £'000
United Kingdom taxation	842	1,223	2,142
Under provision in prior years	126	12	33
Total current taxation	968	1,235	2,175
Deferred taxation charge/(credit)	253	(297)	(328)
Total deferred taxation	253	(297)	(328)
Income tax expense	**1,221**	**938**	**1,847**

The UK Government has proposed that the UK corporation tax rate be reduced to 23.0% over four years from 2011. The underlying UK corporation tax rate for the year ending 31 December 2011 is 26.5% (2010: 28.0%).

Deferred tax assets and liabilities are calculated at the rate that is expected to be in force when the temporary differences unwind, but limited to the extent that such rates have been substantively enacted.

7. Earnings per share

	Six months ended 31 Dec 2011 (unaudited) £'000	Six months ended 31 Dec 2010 (unaudited) £'000	Year ended 30 June 2011 (audited) £'000
Earnings attributable to ordinary shareholders	2,855	2,121	5,442
	Number	**Number**	**Number**
Weighted average number of shares	10,699	10,468	10,483
Issuable on exercise of options	241	432	293
Diluted earnings per share denominator	10,940	10,900	10,776
Basic earnings per share	26.68p	20.26p	51.92p
Diluted earnings per share	26.10p	19.46p	50.51p

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

8. Dividends

	Six months ended 31 Dec 2011 (unaudited) £'000	Six months ended 31 Dec 2010 (unaudited) £'000	Year ended 30 June 2011 (audited) £'000
Paid interim dividend on ordinary shares	-	-	530
Paid final dividend on ordinary shares	1,082	631	631
	1,082	**631**	**1,161**

An interim dividend of 6p per share was declared by the board on 12 March 2012 and has not been included as a liability as at 31 December 2011. This interim dividend will be paid on 20 April 2012.

9. Intangible assets

Goodwill
Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill all relates to Braemar Group Limited.

Computer software
Software costs are amortised over their estimated useful lives of four years on a straight line basis.

Acquired client relationships contracts
This asset represents the fair value of future benefits accruing to the group from acquired client relationship contracts. The amortisation of client relationships is charged to the income statement on a straight line basis over their estimated useful lives (five to fifteen years).

On 31 October 2011 the group completed the acquisition of the client relationship contracts of Clarke Willmott LLP based in Taunton. The addition during the period of £4,162,000 represents the total estimated cost of the acquisition as detailed in note 14.

Contracts acquired with fund managers
This asset represents the fair value of future benefits accruing to the group from contracts acquired with fund managers. Payments made to acquire such contracts are stated at cost and amortised on a straight line basis over five years.

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

9. Intangible assets (continued)

	Goodwill £'000	Software £'000	Acquired client relationships contracts £'000	Contracts acquired with fund managers £'000	Total £'000
Cost					
Cost 1 July 2010	-	-	1,585	1,496	3,081
Additions	3,592	71	830	250	4,743
Disposals	-	-	-	-	-
Cost at 31 December 2010	**3,592**	**71**	**2,415**	**1,746**	**7,824**
Additions	-	16	-	104	120
Disposals	(42)	-	(359)	-	(401)
Cost at 30 June 2011	3,550	87	2,056	1,850	7,543
Additions	-	32	4,162	123	4,317
Disposals	-	-	-	-	-
Cost at 31 December 2011	**3,550**	**119**	**6,218**	**1,973**	**11,860**
Amortisation					
At 1 July 2010	-	-	88	1,101	1,189
Charge for the period	-	10	71	68	149
At 31 December 2010	-	10	159	1,169	1,338
Charge for period	-	13	70	99	182
At 30 June 2011	-	23	229	1,268	1,520
Charge for period	-	42	104	99	245
At 31 December 2011	-	**65**	**333**	**1,367**	**1,765**
Net book value					
At 31 December 2010	3,592	61	2,256	577	6,486
At 30 June 2011	3,550	64	1,827	582	6,023
At 31 December 2011	**3,550**	**54**	**5,885**	**606**	**10,095**

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

10. Property, plant and equipment

During the six months to 31 December 2011, the group acquired assets with a cost of £717,000 (six months ended 31 December 2010: £573,000, year ended 30 June 2011: £620,000). No assets were disposed of in the six months ended 31 December 2011 (31 December 2010: £60,000: 30 June 2011: £61,000), resulting in a gain on disposal of £nil (31 December 2010: £nil, 30 June 2011: £nil).

11. Available-for-sale financial assets

	Six months ended 31 Dec 2011 (unaudited) £'000	Six months ended 31 Dec 2010 (unaudited) £'000	Year ended 30 June 2011 (audited) £'000
Opening position	1,561	194	194
Transfer to cost of business acquisition	-	(194)	(194)
Additions	-	-	1,500
Gain from changes in fair value	10	-	61
Closing position	**1,571**	-	**1,561**

12. Trade and other payables

	Six months ended 31 Dec 2011 (unaudited) £'000	Six months ended 31 Dec 2010 (unaudited) £'000	Year ended 30 June 2011 (audited) £'000
Trade payables	1,941	1,947	1,790
Other taxes and social security	1,086	1,066	1,291
Other payables	785	1,244	1,047
Accruals and deferred income	8,312	9,105	12,771
	12,124	**13,362**	**16,899**

The reduction in the accruals and deferred income between 30 June 2011 and 31 December 2011 reflects the settlement of the cash based long term incentive plans in October 2011 to 31 employees.

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

13. Business combinations – prior period

On 6 July 2010, the group acquired the entire share capital of Braemar Group plc ('Braemar') at a price of 2.25p per ordinary share. The total consideration was £4,119,000 of which £3,033,000 was satisfied in cash and new shares in Brooks Macdonald Group plc, with a value of £1,086, 000. Full details of the acquisition are described on pages 31 to 32 of the annual report for the year ended 30 June 2011.

14. Provisions

Client compensation	Six months ended 31 Dec 2011 (unaudited) £'000	Six months ended 31 Dec 2010 (unaudited) £'000	Year ended 30 June 2011 (audited) £'000
At 1 July 2011	243	377	377
Movement during the period	48	13	(134)
At 31 December 2011	**291**	**390**	**243**
Deferred contingent consideration			
At 1 July 2011	794	-	-
Transfer from non-current provisions	-	757	757
Interest charge	-	19	37
Amount paid	(711)	-	-
Deferred consideration on acquisition of acquired client relationships	2,194	-	-
At 31 December 2011	**2,277**	**776**	**794**
Other provisions			
FSCS levy (note 5)	140	-	-
At 31 December 2011	140	-	-
Total provisions at 31 December 2011	**2,708**	**1,166**	**1,037**

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

14. Provisions (continued)

Client compensation 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 (2010: eight months) from the date of notification of the complaint.

Deferred contingent consideration relates to the funds acquired by Brooks Macdonald Asset Management Limited from Lawrence House Fund Managers Limited (now called Brooks Macdonald Asset Management (Tunbridge Wells) Limited). The final amount of £711,000 was paid on 23 September 2011 based on the value of the funds acquired 24 months from the date of acquisition.

On 31 October 2011, Brooks Macdonald Asset Management Limited acquired the client relationship contracts of Clarke Willmott LLP based in Taunton, Somerset for an initial consideration of £1,985,000.

An additional amount of cash will be payable in two tranches, at 12 months and 24 months after the completion date. The total consideration will be based on a maximum of 3.25% of the total discretionary funds under management acquired, split across the respective payment dates with the total consideration subject to a maximum of £6,000,000. Management's current best estimate of the total consideration is £4,162,000. The deferred consideration has been fair valued based on discounted cash flows.

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

15. Reconciliation of operating profit and net cash (outflow)/inflow from operating activities

	31 Dec 2011 (unaudited) £'000	31 Dec 2010 (unaudited) £'000	30 June 2011 (audited) £'000
Operating profit	4,040	3,063	7,228
Depreciation	388	361	681
Amortisation of intangible assets	245	149	331
Surplus on disposal of assets	-	(43)	(43)
Increase in receivables	(1,449)	(3,734)	(5,194)
(Decrease)/increase in payables	(6,028)	4,199	6,827
Increase/(decrease) in provisions	338	(759)	623
Share based payments	286	176	311
Net (outflow)/inflow	**(2,180)**	**3,412**	**10,764**

16. Borrowings

During the six months ended 31 December 2010, the company's subsidiary company Braemar Estates Limited repaid its loans amounting to £844,000, details of which are described on page 39 of the annual report for the year ended 30 June 2011.

17. Related party transactions

At 31 December 2011, some of the company's directors had taken advantage of the facility to have season ticket loans which are available to all employees. The total amount outstanding by those directors at the balance sheet date was £11,000 (31 December 2010: £6,000; 30 June 2011: £8,000).

Notes to the condensed consolidated accounts

for the six months ended 31 December 2011

18. Share schemes

Other share schemes
Equity based and phantom schemes are detailed in the 2011 annual report and accounts.

Long Term Incentive Scheme (LTIS)
The company has made annual rewards based on certain criteria under the LTIS to executive directors and senior executives. The conditional awards, which vest three years after grant, are subject to the satisfaction of specified performance criteria, measured over a three year performance period. All conditional awards are at the discretion of the Remuneration Committee.

Employee Benefit Trust
Brooks Macdonald Group plc established an Employee Benefit Trust on 3 December 2010. The Trust was established to acquire ordinary shares in the Company to satisfy rights to shares rising from exercise of LTIS options. Up to 31 December 2011, the company has paid £1,634,000 to the Trust, which acquired 138,404 shares in the open market for a consideration of £1,615,000. All finance costs and administration expenses connected with the Trust are charged to the income statement as they accrue. The Trust has waived its rights to dividends.

Results

for the six months ended 31 December 2011

Independent Review Report to Brooks Macdonald Group plc

Introduction

We have been engaged by the company to review the condensed consolidated financial statements in the Half Yearly Financial Report for the six months ended 31 December 2011, which comprise the Condensed Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and the related notes. 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 consolidated financial statements.

Directors' responsibilities

The Half Yearly Financial Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

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

The maintenance and integrity of the Brooks Macdonald Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Results
for the six months ended 31 December 2011

Independent Review Report to Brooks Macdonald Group plc

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 of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the Half Yearly Financial Report for the six months ended 31 December 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 March 2012

Directors and advisers

Directors

C J Knight	Chairman
C A J Macdonald	Chief Executive
J M Gumpel	
N I Holmes	
S J Jackson	Group Finance Director
N H Lawes	
A W Shepherd	
R H Spencer	Investment Director
S P Wombwell	
C R Harris	Non-executive Director
D Seymour –Williams (appointed 14 September 2011)	Non-executive Director

Company Secretary

S J Jackson

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Registered Number

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Registrars

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