4402058

BROOKS MACDONALD GROUP plc

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JULY 2007 TO 30 SEPTEMBER 2007

Brooks Macdonald Group plc

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

Offices

111 Park Street London W1K 7JL
Church Court Waltham Chase Hampshire SO32 2LN
55 King Street Manchester M2 4LQ

Registered Office

111 Park Street London W1K 7JL

Registered Number

4402058

Auditors

Moore Stephens LLP St Paul's House Warwick Lane London EC4M 7BP

Solicitors

Macfarlanes 10 Norwich Street London EC4A 1BD

Bankers

The Royal Bank of Scotland London Victoria Branch

Registrars

Capita Registrars The Registry 34 Beckenham Road Kent BR3 4TU

Nominated advisor and broker

Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR

Brooks Macdonald Group plc

Income Statement
from 1 July 2007 to 30 September 2007

	Note	3 months ended 30 September 2007 (Unaudited) £	Year to 30 June 2007 (Unaudited)restated £
Revenue		-	-
Administration expenses		(83,025)	(538,660)
Operating loss	2	(83,025)	(538,660)
Finance income	4	950,000	383,854
Profit/(loss) before taxation		866,975	(154,806)
Taxation	5	-	-
Profit/(loss) for the period		**866,975**	**(154,806)**

Brooks Macdonald Group plc

Balance Sheet as at 30 September 2007

	Note	30 September 2007 (Unaudited) £	£	30 June 2007 (Unaudited)restated £	£
ASSETS					
Non Current Assets					
Investment in subsidiary companies	7		**4,238,125**		**4,238,125**
Current assets					
Trade and other receivables	8	1,753,552		761,705	
Cash and cash equivalents		1,333		4,665	
Total Current Assets			**1,754,885**		**766,370**
Total Assets			**5,993,010**		**5,004,495**
Current liabilities					
Trade and other payables	9	(3,879,178)		(3,801,684)	
Total Current Liabilities			**(3,879,178)**		**(3,801,684)**
Net Assets			**2,113,832**		**1,202,811**
Equity					
Share capital	11		98,131		98,131
Share premium account	12		1,365,910		1,365,910
Other reserves	13		264,237		220,191
Retained earnings	14		385,554		(481,421)
Total Equity	15		**2,113,832**		**1,202,811**

Approved by the Board on 15 October 2007

C A J MACDONALD

S J JACKSON

Brooks Macdonald Group plc

Cash Flow Statement
for the period from 1 July 2007 to 30 September 2007

	Note	3 months ended 30 September 2007 (Unaudited) £	£	Year to 30 June 2007 (Unaudited) £	£
Net cash (outflow) from operating activities	10		**(953,332)**		**(232,360)**
Investing activities					
Interest received		-		54	
Dividend received from subsidiary		950,000		383,800	
Net cash from investing activities			**950,000**		**383,854**
Financing activities					
Dividend paid		-		(147,196)	
Net cash outflow used in investing activities			-		**(147,196)**
Net increase in cash and equivalents			(3,332)		4,298
Cash and cash equivalents at start of period			4,665		367
Cash and cash equivalents at end of period			**1,333**		**4,665**

Brooks Macdonald Group plc

Statement of changes in equity from 1 July 2007 to 30 September 2007

	Note	Share Capital (Unaudited)	Share premium account (Unaudited)	Share option reserve (Unaudited)	Retained Earnings (Unaudited) (restated)
		£	£	£	£
At 1 July 2006	**11,12,13,14**	**98,131**	**1,365,910**	**54,000**	**(179,419)**
(Loss) for the year		-	-	-	(154,806)
Dividends paid		-	-	-	(147,196)
Share option payments		-	-	166,191	-
At 30June 2007	**14**	**98,131**	**1,365,910**	**220,191**	**(481,421)**
Profit for the period		-	-	-	866,975
Share option payments		-	-	44,046	-
At 30 September 2007	**14**	**98,131**	**1,365,910**	**264,237**	**385,554**

Brooks Macdonald Group plc

Notes to the interim financial statements for the period from 1 July 2007 to 30 September 2007

General information

The financial information for the 3 months ended 30 September 2007 has been prepared under the International Financial Reporting Standards (IFRS) This is the first time for which the company has presented its financial statements under IFRS The last financial statements under UK GAAP were for the year ended 30 June 2007

The financial information for the year ended 30 June 2007 has been derived from the audited UK GAAP information adjusted for the impact of IFRS and is therefore unaudited The financial information, together with the comparative information in these financial statements, does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985

The UK GAAP Statutory accounts for the year ended 30 June 2007 have been reported on by the company's auditors and delivered to the Registrar of Companies The report of the auditors was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985

1 **Principal accounting policies**

(a) Accounting conventions

The financial statements have been prepared for the first time in accordance with International Financial Reporting Standards The principal accounting policies of the company are set out below

(b) Deferred taxation

Deferred taxation is provided in full, using the liability, on timing differences which result in an obligation at the balance sheet date, at rates that are expected to apply when they crystallise based on current tax rates and law

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements Deferred tax assets and liabilities are not discounted

(c) Pension costs

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the period in which they fall due

(d) Foreign exchange

Monetary assets and liabilities expressed in foreign currencies are translated at the rate ruling at the balance sheet date

All differences on exchange are dealt with in the profit and loss account

(e) Share based payments

The company has applied the requirements of IFRS 2" Share-based Payments" and has adopted the requirements of IFRIC 11 in respect of share based payments

(k) Comparatives

Comparatives have been restated in respect of adoption of International Financial Reporting Standards (IFRS)

Brooks Macdonald Group plc

Notes to the interim financial statements for the period from 1 July 2007 to 30 September 2007

2 Operating loss

This is stated after charging:

	3 months ended 30 September 2007 (Unaudited) £	Year to 30 June 2007 (Unaudited) £
Staff Costs	60,000	455,000
Directors' emoluments (note 3)	7,800	58,240
Social Security costs		
	67,800	513,240
The average number of employees including directors during the period	7	7

3 Directors' emoluments

	3 months ended 30 September 2007 (Unaudited) £	Year to 30 June 2007(Unaudited) £
Directors' emoluments	60,000	455,000
Highest paid director	-	130,000

4 Finance income

	3 months ended 30 September 2007 (Unaudited) £	Year to 30 June 2007 (Unaudited) £
Interest on cash and deposits	-	54
Dividends from group companies	950,000	383,800
	950,000	383,854

5 Taxation

	3 Months ended 30 September2007 (Unaudited) £	Year to 30 June 2007 (Unaudited) Restated £
Deferred taxation	-	-

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Notes to the interim financial statements for the period from 1 July 2007 to 30 September 2007

6 Dividends

	3 Months ended 30 September 007 (Unaudited) £	Year to 30 June 2007 (Unaudited) £
Prior year final paid	-	(147,196)

7 Investment in subsidiary companies

	30 September 2007 (Unaudited) £	30 June 2007 (Unaudited) £
Cost at 30 September and at 30 June 2007	4,238,125	4,238,125
Details of the subsidiary companies, all of which are incorporated in the UK, are as follows		
	Interest	Interest
Brooks Macdonald Financial Consulting Limited ,	100%	100%
Nature of business is Financial Consulting		
Brooks Macdonald Asset Management Limited	100%	100%
Nature of business is Investment Management		
Brooks Macdonald Services Limited	100%	100%
Nature of the business is Nominee Service		

8 Trade and other receivables

	30 September2007 (Unaudited) £	30 June2007 (Unaudited)restated £
Amounts owed by subsidiary	1,746,303	761,705
Other receivables , prepayments and accrued income	7,249	-
	1,753,552	761,705

9 Trade and other payables

	30 September 2007(Unaudited) £	30 June 2007 (Unaudited)restated £
Trade payables	17,625	4,511
Amount due to subsidiary	3,264,788	3,279,734
Other payables	5,199	5,199
Accruals and deferred income	591,566	512,240
	3,879,178	3,801,684

Included within amounts due to related parties is a loan of £3,264,788 (30 June 2007 £3,279,734) which is interest free and repayable on demand, due to one of the subsidiary companies

Brooks Macdonald Group plc

Notes to the interim financial statements for the period from 1 July 2007 to 30 September 2007

10 Notes to the cash flow statement

	3 months ended 30 September2007 (Unaudited) £	Year to 30 June 2007 (Unaudited)restated £
(Loss) from operations	(83,025)	(538,660)
Share based payments	44,046	166,191
Operating cash flows before movements in working capital	(38,979)	(372,469)
(Increase)/ Decrease in receivables	(991,848)	283,207
Increase/ (Decrease) in payables	77,495	(143,098)
Cash used from operations	(953,332)	(232,360)

11 Share capital

	3 months ended 30 September2007 (Unaudited) £	Year to 30 June 2007 (Unaudited) £
Authorised		
20,000,000 Ordinary shares of 1p each	**200,000**	**200,000**
Allotted,issued and fully paid		
9,813,100 Ordinary shares of 1p each	**98,131**	**98,131**

12 Share premium account

	30 September 2007(Unaudited) £	30 June 2007 (Unaudited) £
At 30 September 2007 and at 30 June 2007	1,365,910	1,365,910

The share premium arose as a result of issuing the following shares at the following considerations

42,745 bonus shares issued 1 for 1 - cost of £42,745 arising
160 "B" ordinary shares of £1 each at £125 each - premium of £19,840 arising
1,262,000 ordinary shares of 1p at £1 40 each - premium of £1,754,180 arising less flotation costs *incurred* of £638,049
2,100 ordinary shares of 1p at £1 555 each - premium of £3,244 arising

In accordance with The Companies Act 1985, the difference between the nominal value of shares issued and shares acquired in the group reconstruction has been treated as a merger reserve

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Notes to the interim financial statements for the period from 1 July 2007 to 30 September 2007

13 Other reserves

Share option reserve	30 September 2007 (Unaudited) £	30 June 2007 (Unaudited) £
At 1 July 2007	220,191	54,000
Share based payments	44,046	166,191
At 30 September 2007	**264,237**	**220,191**

14 Retained earnings

	30 September 2007 (Unaudited) £	30 June 2007 (Unaudited)restated £
At 1 July 2007	(481,421)	(179,419)
Profit/(loss) for the period	866,975	(154,806)
Dividends paid	-	(147,196)
At 30 September 2007	**385,554**	**(481,421)**

15 Reserves and retained earnings

	30 September 2007 (Unaudited) £	30 June 2007 (Unaudited)restated £
At 1 July 2007	1,202,811	1,338,622
Profit/(loss) for the period	866,975	(154,806)
Share option reserves	44,046	166,191
Dividends paid	-	(147,196)
Net additions to shareholders funds	**911,021**	**(135,811)**
Closing shareholders funds	**2,113,832**	**1,202,811**

Brooks Macdonald Group plc

Notes to the interim financial statements for the period from 1 July 2007 to 30 September 2007

16 IFRS Transition

First time adoption of IFRS

The transition date to IFRS from UK GAAP was 1 July 2006 The accounting policies are based on IFRS applied retrospectively

Reconciliation from UK GAPP to FRS

The tables below reconcile total shareholders' funds at 1 July 2006 and 30 June 2007 under UK GAAP to total equity under IFRS, and the profit/(loss) after taxation for the year ended 30 June 2007 from UK GAAP to IFRS

Reconciliation of shareholder' funds under UK GAAP to shareholders' equity under IFRS

	30 June 2007 (Unaudited)restated £	1 July 2006 (Unaudited)restated £
UK GAAP-Total shareholder's funds equity interests	1,048 677	1,284,622
Share based payments	220,191	54,000
Deferred taxation	(66,057)	-
IFRS- Total shareholder's funds-equity interests	**1,202,811**	**1,338,622**

Reconciliation of loss for the year ended 30 June 2007

	Year to 30 June 2007 (Unaudited)restated £	Year to 30 June 2006 (Unaudited)restated £
UK GAAP-(Loss) on ordinary activities after taxation	(254,940)	(122,059)
Share based payments	166,191	54,000
Deferred taxation	(66,057)	-
IFRS-(Loss) on ordinary activities after taxation	**(154,806)**	**(68,059)**