



Interim Financial Report

For the Half Year Ending 31 March 2007



Brewin Dolphin Holdings PLC



Highlights

- Discretionary funds £10.1 billion at 31 March 2007 (30 September 2006: £8.8 billion, 31 March 2006: £8.5 billion) an annual increase of 19%.
- Total income £98 million (2006: £88 million) an increase of 12%.
- Profit before tax £20.8 million (2006: £17.3 million) a 20% increase.
- Earnings per share
 - Basic earnings per share 7.2p (2006: 6.0p) an increase of 20%.
 - Diluted earnings per share 6.8p (2006: 5.8p) an increase of 17%.

Chairman's Statement

Once again it is my pleasure to report to Shareholders that the first half of the current year has been a period of satisfactory progress for your Group. Total income during the period under review rose by some 12% to £98 million. Profits on ordinary activities before tax rose by some 20% to £20.8 million. Diluted earnings per share were 6.8p, up 17% on the comparable period last year while basic earnings per share show a rise of 20% to 7.2p per share.

The main thrust of the improved performance in the first half came from the Group's Private Client Investment Management operations. An important milestone was reached during the six months ended 31 March 2007 when discretionary funds under management crossed the £10 billion mark. Total client funds amounted to slightly over £24 billion (September 2006 - £22 billion) of which just over £21 billion (September 2006 - £19 billion) is managed. Discretionary income advanced by some 33% to £51.3 million giving rise to a corresponding 49% increase in profit before tax.

As has been the case for some time now market conditions have provided a generally favourable background. During the six months under review the FTSE 100 Index rose by some 5.8% (4.9% in the twelve months since March 2006). Once again this illustrates that a material element of the Group's progress arises from strong organic growth, as well as the contribution made by new teams joining your Group. Indeed the arrival of new people has been a significant feature of the first half when once again we have been able to attract both teams and individuals to the firm. Since the year end a total of 57 investment managers have joined, or will shortly be joining, the Group and we have opened offices in Oxford, Hereford and York and have announced that we will shortly be opening in Plymouth and Swansea.

Profits and income generated from our Investment Banking Division (formerly known as the Corporate Broking Division) have seen some slowdown in the first half. This reflects, in part, the reduced level of activity on the AIM market. However we expect the second half of the year to produce a more encouraging outcome, particularly given the success of the division in pursuing larger and fully listed mandates.

As ever we continue to invest significant resources in the infrastructure of the business in order to maintain our pursuit of high levels of client service. In particular the eXimius Investment Management system is now up and running and we are currently embarking upon further strengthening of our business continuity, both in terms of relocating our principal computer facility as well as upgrading the hardware. We are also expending significant time and effort in order to be fully prepared for the implementation of MIFID (Markets in Financial Instruments Directive) later on this year.

At the AGM in February a dividend of 2.875p per share (2.5p per share in 2006) was declared and subsequently paid on the 10th April. At the same time I announced to Shareholders that the Board proposed to declare a second interim dividend in September 2007, payable as before in October 2007. We proposed to declare a final dividend in late November 2007 at the same time as our preliminary results announcement, payable in April 2008.

Since my last opportunity to address Shareholders the Board has been very pleased to be able to announce that it has been joined by Sir Stephen Lamport. Sir Stephen has, since October 2002, been Group Director for Public Policy and Government Affairs for The Royal Bank of Scotland. I am confident that the Board and your Company will benefit significantly from Sir Stephen's contribution.

As I have also said before your Company continues to pursue its policy of providing bespoke services to our clients with a strong emphasis on local presence. This can only be achieved with the hard work and dedication of all our people and I have great pleasure in acknowledging their contribution to the Company's objectives. Similarly I have also said in the past that I believe it foolhardy to become embroiled in detailed forecasts about the short term outlook. However I think it is reasonable to say that the second half of the year has got off to an encouraging start.



Jamie Matheson
Executive Chairman
23 May 2007.

Independent Review Report

Independent Review Report to Brewin Dolphin Holdings PLC

Introduction

We have been instructed by the company to review the financial information for the 26 week period ended 31 March 2007 which comprises the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 9. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group 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

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 week period ended 31 March 2007.

Deloitte & Touche LLP

Chartered Accountants

London

23 May 2007

Consolidated Income Statement

26 week period ended 31 March 2007

	Note	Unaudited 26 weeks to 31 March 2007 £'000s	Unaudited 26 weeks to 31 March 2006 £'000s	Audited 52 weeks to 30 September 2006 £'000s
Continuing operations				
Revenue		92,838	83,517	164,594
Other operating income		5,186	4,100	9,044
Total income	3	98,024	87,617	173,638
Staff costs		(51,953)	(45,141)	(91,621)
Other operating costs		(28,086)	(27,557)	(55,166)
		(80,039)	(72,698)	(146,787)
Operating profit		17,985	14,919	26,851
Other gains and losses		58	–	–
Finance income		2,786	2,355	5,235
Finance costs		(53)	(3)	(36)
Profit before tax	3	20,776	17,271	32,050
Tax		(6,452)	(5,357)	(10,045)
Profit attributable to equity shareholders of the parent from continuing operations		14,324	11,914	22,005
Earnings per share				
From continuing operations				
Basic	4	7.2p	6.0p	11.1p
Diluted	4	6.8p	5.8p	10.6p

Consolidated Statement of Recognised Income and Expense

26 week period ended 31 March 2007

	Unaudited 26 weeks to 31 March 2007 £'000s	Unaudited 26 weeks to 31 March 2006 £'000s	Audited 52 weeks to 30 September 2006 £'000s
Gain on revaluation of available-for-sale investments	299	1,161	1,509
Tax on revaluation of available-for-sale investments	(90)	(348)	(453)
Actuarial gain /(loss) on defined benefit pension scheme	1,133	(530)	(3,251)
Tax on actuarial (gain)/loss on defined benefit pension scheme	(340)	159	975
Deferred tax on share based payments	388	795	720
Net income recognised directly in equity	1,390	1,237	(500)
Transfers			
Transfer to profit or loss on sale of available-for-sale investments	(36)	–	–
Profit for period	1,354	1,237	(500)
	14,324	11,914	22,005
Total recognised income and expense for the period attributable to equity shareholders of the parent	15,678	13,151	21,505

Consolidated Balance Sheet

As at 31 March 2007

	Note	Unaudited as at 31 March 2007 £'000s	Unaudited as at 31 March 2006 £'000s	Audited as at 30 September 2006 £'000s
Assets				
Non-current assets				
Goodwill		73,037	44,440	66,846
Property, plant and equipment		19,231	10,450	16,920
Available-for-sale investments		11,009	10,115	10,463
Other receivables		1,896	1,938	1,988
Deferred tax asset		1,531	3,358	2,473
		106,704	70,301	98,690
Current assets				
Trading investments		1,337	811	2,470
Trade and other receivables		356,435	261,024	251,437
Cash and cash equivalents		54,274	54,203	61,576
		412,046	316,038	315,483
Total assets		518,750	386,339	414,173
Liabilities				
Current liabilities				
Bank overdrafts		1,618	291	3,197
Trade and other payables		370,418	275,426	279,148
Current tax liabilities		5,549	5,318	3,256
Shares to be issued including premium		1,000	1,000	1,000
		378,585	282,035	286,601
Net current assets		33,461	34,003	28,882
Non-current liabilities				
Retirement benefit obligation	7	13,993	13,121	15,422
Deferred purchase consideration		3,529	–	3,444
Shares to be issued including premium		18,080	3,072	16,500
		35,602	16,193	35,366
Total liabilities		414,187	298,228	321,967
Net assets		104,563	88,111	92,206
Equity				
Called up share capital	8	2,015	1,989	1,995
Share premium account	8	84,885	81,812	82,755
Revaluation reserve	8	6,978	6,562	6,805
Merger reserve	8	4,562	4,562	4,562
Profit and loss account	8	6,123	(6,814)	(3,911)
Equity attributable to equity holders of the parent	8	104,563	88,111	92,206

Consolidated Cash Flow Statement

26 week period ended 31 March 2007

	Note	Unaudited 26 weeks to 31 March 2007 £'000s	Unaudited 26 weeks to 31 March 2006 £'000s	Audited 52 weeks to 30 September 2006 £'000s
Net cash flow from operating activities	6	7,389	12,285	34,442
Cash flows from investing activities				
Purchase of goodwill		(3,532)	(758)	(6,289)
Purchases of property, plant and equipment		(5,007)	(3,491)	(11,523)
Proceeds from sale of available-for-sale investments		159	-	-
Purchases of available-for-sale investments		(400)	-	-
Dividend received from available-for-sale investments		-	-	249
Net cash used in investing activities		(8,780)	(4,249)	(17,563)
Cash flows from financing activities				
Dividends paid to equity shareholders		(5,488)	(4,914)	(9,884)
Proceeds on issue of shares		1,156	562	1,156
Net cash used in financing activities		(4,332)	(4,352)	(8,728)
Net (decrease) / increase in cash and cash equivalents		(5,723)	3,684	8,151
Cash and cash equivalents at the start of period		58,379	50,228	50,228
Cash and cash equivalents at the end of period		52,656	53,912	58,379
Firm's cash		37,369	35,417	47,832
Firm's overdraft		(1,618)	(291)	(3,197)
Firm's net cash		35,751	35,126	44,635
Client settlement cash		16,905	18,786	13,744
Net cash and cash equivalents		52,656	53,912	58,379
Cash and cash equivalents shown in current assets		54,274	54,203	61,576
Bank overdrafts		(1,618)	(291)	(3,197)
Net cash and cash equivalents		52,656	53,912	58,379

Notes to the Interim Financial Report

1. Basis of preparation

The interim financial information for the 26 week period to 31 March 2007 has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, the disclosure requirements of the Listing Rules and the accounting policies set out in the Group's latest Annual Report and Accounts for the year ended 30 September 2006.

2. Section 240 statement

The financial information set out in this document in respect of the year ended 30 September 2006 does not constitute the Group's statutory accounts for the year ended 30 September 2006 within the meaning of section 240 of the Companies Act 1985. Those accounts were prepared under International Financial Reporting Standards and have been reported on by the Company's auditors and delivered to the Registrar of Companies. The auditors report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. A copy of this statement is available at the Company's registered office at 12 Smithfield Street, London EC1A 9BD and a copy will be posted to all shareholders.

3. Segmental information

For management purposes, the Group is divided into two business streams: private client investment management and investment banking (formerly corporate broking). These form the basis for the primary segment information reported below. All operations are carried out in the United Kingdom and the Channel Islands.

	Unaudited 26 weeks to 31 March 2007 £'000s	Unaudited 26 weeks to 31 March 2006 £'000s	Audited 52 weeks to 30 September 2006 £'000s
Total income			
Private client investment management			
Discretionary portfolio management	51,382	38,652	84,878
Advisory portfolio management	35,263	35,185	66,613
	86,645	73,837	151,491
Investment banking	11,379	13,780	22,147
	98,024	87,617	173,638
Profit before tax			
Private client investment management			
Discretionary portfolio management	8,996	6,029	12,381
Advisory portfolio management	6,458	5,227	9,216
	15,454	11,256	21,597
Investment banking	2,531	3,663	5,254
	17,985	14,919	26,851
Operating profit	2,791	2,352	5,199
Net finance income and other gains and losses	20,776	17,271	32,050

Notes to the Interim Financial Report

4. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Unaudited 26 weeks to 31 March 2007 '000	Unaudited 26 weeks to 31 March 2006 '000	Audited 52 weeks to 30 September 2006 '000
Number of shares			
Basic			
Weighted average number of shares in issue in the period	200,138	197,041	198,025
Diluted			
Weighted average number of options outstanding for the period	5,623	5,935	4,985
Estimated weighted average number of shares earned under deferred consideration arrangements	4,719	3,628	4,106
Diluted weighted average number of options and shares for the period	210,480	206,604	207,116
Earnings attributable to ordinary shareholders			
	£'000s	£'000s	£'000s
Basic profit for the period and attributable earnings	14,324	11,914	22,005
Earnings per share			
From continuing operations			
Basic	7.2p	6.0p	11.1p
Diluted	6.8p	5.8p	10.6p

Notes to the Interim Financial Report

5. Dividends

	Unaudited 26 weeks to 31 March 2007 £'000s	Unaudited 26 weeks to 31 March 2006 £'000s	Audited 52 weeks to 30 September 2006 £'000s
Amounts recognised as distributions to equity holders in the period:			
First interim dividend paid 10 April 2007, 2.875p per share (2006: 2.5p)	5,793	4,970	4,970
Second interim dividend paid 25 October 2006, 2.75p per share	–	–	5,488
	5,793	4,970	10,458

6. Note to the cash flow statement

	Unaudited 26 weeks to 31 March 2007 £'000s	Unaudited 26 weeks to 31 March 2006 £'000s	Audited 52 weeks to 30 September 2006 £'000s
Group			
Operating profit	17,985	14,919	26,851
Adjustments for:			
Depreciation of property, plant and equipment	2,696	2,209	3,771
Retirement benefit obligation	(296)	(346)	(766)
Share based payment cost	322	333	613
Interest income	2,786	2,355	4,987
Interest expense	(53)	(3)	(36)
Operating cash flows before movements in working capital	23,440	19,467	35,420
Increase in receivables and trading investments	(103,773)	(28,891)	(21,014)
Increase in payables	90,965	23,850	27,407
Cash generated by operating activities	10,632	14,426	41,813
Tax paid	(3,243)	(2,141)	(7,371)
Net cash flow from operating activities	7,389	12,285	34,442

Cash and cash equivalents comprise cash at bank and bank overdrafts.

Notes to the Interim Financial Report

7. Retirement benefit obligation

The main financial assumptions used in calculating the Group's retirement benefit obligation are as follows:

	31 March 2007	31 March 2006	30 September 2006
Discount rate	5.3%	5.0%	5.1%
Inflation	3.1%	2.9%	2.9%
Salary increases	3.1%	2.9%	2.9%
Expected return on equities	7.6%	7.7%	7.6%
Expected return on bonds	4.6%	4.7%	4.6%
Expected return on other assets	4.75%	4.5%	4.8%

A full actuarial valuation was carried out as at 31 December 2005 and the results of this valuation have been updated to 31 March 2007 by a qualified independent actuary and reflected in the accounts.

8. Reconciliation of changes in equity

	Called up share capital £'000s	Share premium account £'000s	Re- valuation reserve £'000s	Merger reserve £'000s	Profit and loss account £'000s	Total £'000s
Group						
30 September 2005	1,965	79,287	5,749	4,562	(14,515)	77,048
Profit for the period	-	-	-	-	22,005	22,005
Dividends	-	-	-	-	(10,458)	(10,458)
Issue of shares	30	3,468	-	-	-	3,498
Revaluation	-	-	1,509	-	-	1,509
Deferred tax on items taken directly to equity	-	-	(453)	-	1,695	1,242
Share based payments	-	-	-	-	613	613
Actuarial loss on defined benefit pension scheme	-	-	-	-	(3,251)	(3,251)
30 September 2006	1,995	82,755	6,805	4,562	(3,911)	92,206
Profit for the period	-	-	-	-	14,324	14,324
Dividends	-	-	-	-	(5,793)	(5,793)
Issue of shares	20	2,130	-	-	-	2,150
Revaluation	-	-	299	-	-	299
Deferred tax on items taken directly to equity	-	-	(90)	-	48	(42)
Released on sale of available-for-sale investments	-	-	(36)	-	-	(36)
Share based payments	-	-	-	-	322	322
Actuarial gain on defined benefit pension scheme	-	-	-	-	1,133	1,133
31 March 2007	2,015	84,885	6,978	4,562	6,123	104,563

Notes to the Interim Financial Report

9. Provisions

Discussions with the Group's insurers in respect of claims for amounts already incurred and expensed in relation to legal actions have largely been concluded and recoveries made, realising the debtor included at 30 September 2006. A provision has been made in respect of estimated outstanding matters and included within trade and other payables. This amount is not disclosed separately, as the directors consider that the disclosure of any further information would seriously prejudice the ongoing position of the Group. The net effect of the above matters on the current period's income statement is not material.

Client Funds

	At 31 March 2007 £ Billion	At 31 March 2006 £ Billion	At 30 September 2006 £ Billion
In Group's nominee or sponsored member	9.9	8.0	8.6
Stock not held in Group's nominee	0.2	0.5	0.2
Discretionary funds under management	10.1	8.5	8.8
In Group's nominee or sponsored member	8.2	7.6	7.2
Other funds where valuations are carried out but where the stock is not under the Group's control	2.9	3.3	2.9
Advisory funds under management	11.1	10.9	10.1
Managed funds	21.2	19.4	18.9
In Group's nominee or sponsored member	2.6	2.3	2.4
Stock not held in Group's nominee	0.4	0.4	0.3
Execution only stock	3.0	2.7	2.7
Total funds	24.2	22.1	21.6
Stock			
In Group's nominee or sponsored member	20.7	17.9	18.2
Stock not held in Group's nominee	3.5	4.2	3.4
	24.2	22.1	21.6



Aberdeen Belfast Birmingham Bradford Cardiff Cheltenham Dorchester Dumfries Dundee Eastbourne Edinburgh Elgin
Exeter Glasgow Guernsey Hereford Inverness Jersey Keswick Leeds Leicester Lincoln Llandudno London Lymington Manchester
Marlborough Newcastle Norwich Oxford Plymouth Reigate Stocktrade Stoke-on-Trent Swansea Taunton Teesside York



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