



PRESS RELEASE

5 August 2011

2011 INTERIM RESULTS STRATEGY CONTINUES TO DRIVE MARKET SHARE GAINS

Brammer plc, the leading pan-European added value technical distributor, today announces its results for the six months ended 30 June 2011.

FINANCIAL SUMMARY

| | 6 months to 30 June 2011 | 6 months to 30 June 2010 | Change |
|--------------------------------------|-----------------------------|-----------------------------|--------|
| | £m | £m | |
| Revenue | <u>275.2</u> | <u>230.0</u> | +19.7% |
| Operating profit (pre amortisation) | <u>15.4</u> | <u>11.0</u> | +40% |
| Profit before tax (pre amortisation) | 14.3 | 9.7 | +47% |
| Amortisation of acquired intangibles | (0.6) | (0.7) | |
| Profit before tax | <u>13.7</u> | <u>9.0</u> | +52% |
| Net debt | (40.6) | (40.2) | |
| Earnings per share | pence | pence | |
| Basic - before amortisation | 10.0 | 6.4 | +56% |
| Basic | 9.6 | 5.9 | |
| Diluted | 9.6 | 5.9 | |
| Dividend per share | 2.70 | 2.10 | +28.6% |

Highlights

- Overall revenue up by 19.7% driven by organic growth. Sales in constant currency up 18.8%, with all countries showing an improving sales trend.
- Key Accounts sales growth of 24.2% and Insite sales growth of 28.4%, at constant currency, enabled continued market share growth. Key Accounts now represent 38.3% of total revenues.
- Six new pan-European contracts and a net 22 new Insites were gained, and the pipeline remains strong.
- Base business (non Key Account) revenues grew by 15.6% in constant currency, driven by cross-selling initiatives.
- Operating profit (pre amortisation) increased by 40% to £15.4 million (2010: £11.0 million).
- Operating margins (operating profit pre amortisation) improved from 4.8% to 5.6% whilst absorbing substantially increased charges totalling £3.2 million in respect of long-term incentive plans and bonus accruals.
- Profit before tax (pre amortisation) up 47% to £14.3 million (2010: £9.7 million).
- Net debt increased by £3.9 million to £40.6 million (2010 year end: £36.7 million) of which £2.2 million increase was the adverse currency impact.
- Inventory turns improved from 4.8 (June 2010) to 5.2 (June 2011).
- Banking facilities renewed; the new facility is for €100.0 million (£90.3 million at 30 June closing exchange rates) with a five year term commencing 11 July 2011.
- EPS (before amortisation) improved by 56% to 10.0p (2010: 6.4p).
- Interim dividend increased by 28.6% to 2.70p per share (2010: 2.10p).

David Dunn, Chairman, said:

“Brammer is the leading European supplier of technical components and related services to the MRO market and with only a small market share there is the opportunity for considerable further growth. Our customer proposition is unique and delivers real value to our customers as well as shareholders. We are strongly cash generative and have a healthy balance sheet.

Looking ahead, we are pleased to report a good start to the second half of the year and the group is well positioned for continued good progress at a time when the comparators from the second half of last year will be increasingly challenging. We are nonetheless mindful of economic uncertainties which prevail across Europe.”

| | | |
|-------------------|---|--|
| Enquiries: | Brammer plc | 020 7638 9571 (8.00am – 1.00pm) 0161 902 5572 (1.00pm – 4.30pm) |
| | David Dunn, chairman Ian Fraser, chief executive Paul Thwaite, finance director | |
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BRAMMER PLC
2011 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Summary

I am delighted to report that trading for Brammer in the first six months of 2011 has been excellent. We indicated in the full year results for 2010 that, as we entered 2011, the growth momentum in the business was encouraging. This has certainly continued in the period to 30 June driven by improvement in our markets and further market share gains. I believe these results again vindicate the assiduous pursuit of our tried and tested strategy and the excellence of our management team.

Trading Results

For the six months to 30 June 2011 sales were £275.2 million which represents an increase of 19.7% over the previous year. On a like for like basis sales per working day were up by 18.1%. All of the key growth drivers contributed to this growth. Key Accounts grew by 24.2%, with six new accounts signed in the period and the prospect for further gains remains excellent. There was further growth in Insites and new products, and importantly, every geographic territory in which Brammer operates reported double digit sales growth.

Gross profit margins at 30.2% slightly improved on the previous year, but have generally remained stable notwithstanding product mix changes. Sales, distribution, and administrative costs increased by 16.5% to £68.4 million. This increase included the cost of the return to full time employment of certain employees, particularly in Germany, the recruitment of additional Key Account and management personnel in anticipation of further growth, and the accrual of charges relating to the group's long-term incentive plans (the non cash equity-settled charge and associated national insurance charge) reflecting management's expectation that shares awarded under these plans will vest at the end of this financial year. This latter charge which amounts to £1.7 million in these results relates to plan awards made since 2009. No such charges were recognised in the past two years as performance targets were not achieved during the recession and its immediate aftermath.

The outcome of the above is a 40% increase in operating profit to £15.4 million. Operating margins (operating profit before amortisation) improved from 4.8% to 5.6% in the period. Pre-tax profits (before amortisation) increased by 47% to £14.3 million with basic earnings per share before amortisation of acquired intangibles at 10.0 pence per share up 56%.

Net debt

Net debt at £40.6 million is broadly similar to a year ago but £3.9 million higher than at 31 December 2010. This increase was largely due to the adverse currency exchange movement but also included some working capital increases associated with the level of growth in the business. Importantly inventory turns continue to improve.

For some years the group has had syndicated term bank facilities in place. At December 2010 these provided a total borrowing capacity of €120.0 million. These arrangements were due to expire in February 2012. I am pleased to report that during July the group has signed new banking facilities for a further five years which will provide up to €100.0 million (£90.3 million) of debt finance. This secures the necessary funding for Brammer for the future on acceptable and reasonable terms, and the company is pleased that the arrangements are in place well ahead of the 2012 expiry date.

Strategy

The group's strategy remains unchanged. We believe it has been a success and, given the scope still available to develop the business, it continues to be appropriate to our current and future growth ambitions.

Dividend

The Board proposes to increase the interim dividend by 28.6% to 2.70 pence per share. This reflects the strong growth in earnings during the period and the Board's confidence in Brammer's prospects.

Prospects

Brammer is the leading European supplier of technical components and related services to the MRO market and with only a small market share there is the opportunity for considerable further growth. Our customer proposition is unique and delivers real value to our customers as well as shareholders. We are strongly cash generative and have a healthy balance sheet.

Looking ahead, we are pleased to report a good start to the second half of the year and the group is well positioned for continued good progress at a time when the comparators from the second half of last year will be increasingly challenging. We are nonetheless mindful of economic uncertainties which prevail across Europe.

David Dunn

5 August 2011

CHIEF EXECUTIVE'S REVIEW

Overview

In the first half of 2011 we saw a continuation of the high level of growth and market share gains which we enjoyed throughout 2010. Our decision to maintain investment in our growth drivers throughout the caliginous days of 2009 served us well. In the first half of 2011, once again, our strategy remained unchanged; we continued to focus on our four growth drivers, and achieved a year on year organic growth rate in sales per working day at constant currency ("SPWD") of 18.1%, and a reported overall growth of close to 20%. We believe we have continued to gain market share in most territories throughout this period.

Operational Review

Brammer is the leading European supplier of technical components and related services to the MRO markets. In the six months to 30 June 2011, revenue increased by 19.7% to £275.2 million (2010: £230.0 million), gross margin was slightly up at 30.2%, whilst operating profit before amortisation increased by 40% to £15.4 million (2010: £11.0 million). Operating profit excluding the accrual of charges relating to the group's long term incentive plans (the non cash equity-settled charge and associated national insurance charge totalling £1.7 million - 2010: £nil) increased by 55%. Earnings per share (before amortisation) increased by 56% to 10.0 pence per share (2010: 6.4 pence per share). Cash generated from operations before outflows relating to exceptional items was £5.6 million (2010: £5.7 million), driven significantly by an improvement in inventory days (from 76 days a year ago to 70 days).

Operating margin (operating profit before amortisation) increased from 4.8% to 5.6% and revenue per head was £111,000 (2010: £101,000). Excluding the £1.7 million charge relating to the long-term incentive plans, operating margin was 6.2%.

Summary trading performance by segment at 2011 constant currency rates (€1.20 : £1)

| | External Revenue | | Operating Profit* | | Organic SPWD** Growth | |
|-------------------|------------------|-------|-------------------|------|--------------------------|-------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | £m | £m | £m | £m | % | % |
| UK | 79.6 | 68.8 | 4.2 | 2.8 | 16.5% | 5.8% |
| Germany | 58.9 | 48.0 | 3.6 | 2.5 | 21.9% | 4.3% |
| France | 42.6 | 36.4 | 1.9 | 1.5 | 15.4% | 9.2% |
| Spain | 22.4 | 19.1 | 1.8 | 1.4 | 14.4% | 6.9% |
| Benelux | 24.8 | 21.2 | 1.5 | 1.1 | 14.6% | 5.7% |
| Eastern Europe | 28.7 | 22.7 | 2.0 | 1.2 | 26.0% | 11.3% |
| Other | 9.0 | 7.8 | 0.0 | 0.2 | 16.1% | 15.2% |
| Total | 266.0 | 224.0 | 15.0 | 10.7 | 18.1% | 6.7% |

* operating profit before amortisation.

** sales per working day.

UK (including Iceland)

Our largest operation, and the one where the Brammer strategy is most mature, achieved sales per working day (SPWD) growth of 16.5%, and increased operating profit by 50% to £4.2 million. The growth rate accelerated throughout the half.

Key Account sales grew by 20.2%, and now represent 61.2% of turnover. Several new contracts were won with customers such as Tata Steel and EDF Energy. Our value proposition continues to be attractive to customers delivering over 1,650 individual cost savings for 668 customers, with a combined saving of more than £12.0 million. Base business sales grew by 8.9% driven by our cross-selling initiatives.

We opened 11 new full time Insites and sales through Insites and part-time Insites (those locations where we have several regular clinics with the customer's staff each week) increased by 27%. Four existing full time Insites closed giving a net increase of seven. We opened two new branches in Fort William and Reykjavik and expect to open more in the future.

Finally, our cross-selling initiatives continued to be successful with sales growth of 17.9% in our Fluid Power range and 28.6% in our Tools and General Maintenance range.

Germany

SPWD on a constant currency basis grew by 21.9%. Operating profit improved by 44% to £3.6 million. Key Account growth was 27.6% and we won new contracts with Stora Enso and Daimler. No contracts were lost. Our value proposition provided €3.4 million of signed off cost savings to our Key Account customers and Key Accounts now represent 24.9% of total revenues.

Our investment in Mechanical Power Transmission and Motors generated healthy sales growth of 17.7%, whilst additional investment in sales and technical support for Fluid Power resulted in growth of 27.5%. We won ten new Insites and Insite sales grew 49.2%. Our focus on the market segments of Food and Drink (up 29.4%) and Metals (up 41.6%) resulted in several new contract wins and increased market share. Recovery and market share gains continued in Automotive (up 30.5%) and Industrial Machinery (up 28.5%). We held 90 customer workshops across Germany addressing more than 1,000 MRO specialists from our targeted segments, raising the awareness of Brammer as a solution provider. The Brammer Germany MRO catalogue has significantly improved our ability to cross-sell to existing customers.

France

SPWD in constant currency increased by 15.4%, whilst operating profit increased by 27% to £1.9 million. Key Account sales increased 18.3% and, including Automotive, now represent 47% of turnover. We delivered a total of 327 signed off cost savings to our customers, representing €3.9 million of savings. New contracts were won with Essilor, Albea, Saica, Georgia-Pacific, and Champagne Cereales. The new product initiative of Tools and General Maintenance produced sales growth of 42.9% whilst Fluid Power also continued to grow, with sales up 25.9%, now representing 15% of total sales. We focused our marketing activity on Food and Drink, Utilities, Metals and Automotive with 35 customer events attracting nearly 850 existing and potential customers.

Spain

SPWD on a constant currency basis increased by 14.4%, whilst operating profit increased by 29% to £1.8 million. Our Key Account revenues increased by 27.9%. Key Accounts now represent 28.9% of sales and we provided over €1 million of cost savings to our Key Account customers. Three new full time Insites were won, with Insite sales increasing by 41%. Our marketing focus was on Food and Drink (up 21.2%), Automotive (up 18.4%), Metals (up 111%) and Chemical (up 30.4%). A total of 25 customer symposiums attracted 41 existing and potential customers. Good progress was made in Product Range Extension, with sales of the Tools and General Maintenance range up 47.8%, and Fluid Power up 55.5%. These two product ranges which represented only 10.4% of sales in 2009 contributed just under one third of total revenue growth in the first half year.

Benelux

SPWD in the Benelux countries grew by 14.6%, whilst operating profit increased by 36% to £1.5 million. We won new contracts with Bosch, Harsco, Nexans, Toyota, Vivasqua and PSA. Overall Key Account growth in the Benelux was 30.0% and now represents 26.7% of total sales. In Holland we introduced many new product lines, with Mechanical Power Transmission sales growing by 35.7% and Fluid Power by 23.0%. In Belgium, Fluid Power grew by 19.1%, and Tools and General Maintenance by 26.3%. Sales through existing Insites increased by 23.5%. Our focus on Food and Drink gave rise to 58% growth in Holland and 10.2% growth in Belgium in this segment, and now represents 10.9% of Benelux sales.

Eastern Europe

In our Eastern European businesses (comprising Poland, Hungary, the Czech Republic and Slovakia), total SPWD in constant currency grew by 26%, whilst operating profit increased by 67% to £2.0 million. In Poland, SPWD increased by 24.6% in constant currency. The new Key Account team continued to be successful, with Key Account growth of 56.6% and good development with Cargill, Kraft Foods, Monier and Cemex. In the Czech Republic and Slovakia, SPWD in constant currency increased by 21.6%. Key Accounts grew by 33.4%, and new contracts were won with Schneider Electric, Kraft Foods and Cabot. We opened one more Insite and extended the pipeline. In Hungary, the SPWD growth was 74.7%, Key Account sales growth was 93%, and we opened one new Insite in Hungary, as well as a new branch location in Debrecen.

Other segments

In respect of the other segments, Austria, Ireland and Italy, SPWD grew by 16.1%, whilst operating profit decreased slightly reflecting investment in additional sales staff to support growth opportunities. In Austria SPWD were up 14%, in Italy SPWD were up 19.1%, whilst in Ireland SPWD growth was just 1%.

Strategy

Our strategy remains unchanged under the headings of Growth, Capabilities, Synergies and Costs.

Growth

Reported growth was 19.7% whilst overall revenue growth in constant currency and sales per working day was 18.1%, a result we believe is significantly better than the market. 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.

We continued to focus on a market segmentation approach, increasing our knowledge of customers' processes and selling to their specific needs. The growth rate achieved in our target segments was as follows:

at 2011 constant currency rates
(€1.20 : £1)

| | Total Revenue | | |
|----------------------|---------------|------------|-------------|
| | 2011 £m | 2010 £m | Growth % |
| Food and Drink | 33.3 | 24.5 | 35.9% |
| Pulp and Paper | 11.9 | 8.3 | 43.4% |
| Industrial Machinery | 60.6 | 46.4 | 30.6% |
| Automotive | 24.7 | 16.9 | 46.2% |
| Metals | 33.4 | 25.0 | 33.6% |

Key Account sales grew by 24.2% and now represent 38.3% of total sales. Six new European contracts were won, each with a minimum contract period of three years, and ultimate potential annual revenues in excess of €60 million. We continued to focus our business on defensive segments and within Key Accounts, increased our sales to the Food and Drink segment by 20.3%, FMCG by 46.0%, and Packaging by 29.1%. We also saw continued recovery and further market share gains in the more cyclical sectors of Automotive (up 42.7%), Construction (up 20.7%), and Metals (up 37.3%). Our value proposition proved increasingly attractive to customers and we provided nearly 2,300 separate cost savings to our customers worth over €23 million.

The number of Insites increased by a net total of 22, with 16 new full time and 53 new part time Insites opened, with overall growth in sales of 28.4% to £43.2 million. However, 47 Insites were closed due to customer factory closures or reduced demand, giving rise to a total of 244 Insites at the period end.

Extending the product offering to reflect the full Brammer range in every territory continued and whilst bearing sales grew by 16.5%, non bearing sales rose 20.0%, suggesting significant market share gains driven by growth of 28.3% in Tools and Maintenance to £17.6 million and 24.8% growth in Fluid Power to £44.6 million. Cross-selling continued to drive good base business (non Key Account) growth in the first half. Overall sales growth in constant currency was 18.8%, which represented 24.2% growth in Key Accounts, and 15.6% growth in the base business. This base business growth rate was driven by Fluid Power (up 21.2%), Tools and General Maintenance (up 22.1%), and Fasteners and Standard Parts (up 25.2%). This development augurs well for the future growth in base business as we have a picayune market share of less than 1% across Europe in Fluid Power and Tools and General Maintenance.

We made no acquisitions in the first half of 2011, but maintained contact with and are monitoring a number of interesting bolt-on opportunities.

Capabilities

The focus of our people and organisational capability continues to be on supporting our growth. To that end, our pan-European Marketing team are continuing the roll out of our Market Segmentation material across the group. We continued our development of the Brammer Manual for Insite Operations with this manual available in English, French, German and Spanish and are rolling out an Insite training programme to help raise the awareness of the processes and tools involved in identifying, targeting and setting up Insites. The Brammer Insite concept is now also managed and co-ordinated across Europe by the newly created role of European Insite Manager, who is responsible for driving our Insite growth across our 15 country territories.

In order to develop our focus on extending our product range and increase cross-selling, we recruited two European Product Managers who will be responsible for developing and growing our business in Hydraulics, Pneumatics, Tools and General Maintenance products. A third European Product Manager will be recruited in the second half of the year to develop and grow our Mechanical Power Transmission components business across the group.

In January and February 2011 we conducted an external in-depth customer satisfaction survey, which involved 250 telephone interviews with customers across Europe, along with an online questionnaire sent out to a random sample of our 100,000 customers. This has brought us a greater level of insight into our customers' requirements and has helped us develop methodologies to serve them more effectively, with the results from the survey already feeding into our strategy and local operational activity.

We continue to roll out our bespoke suite of Distributed Learning programmes which are made available to our people in nine languages electronically. In crucial customer facing areas of the business the goal is to achieve 100% take up of the two major foundation programmes, which explain the technical aspects of the product range and the fundamental way the business works. These foundation programmes have been rebuilt with improved functionality and were re-launched in 2011 together with new product training modules to provide a better learning experience. We will continue to work with our suppliers ensuring our people receive the best product training. We will also upgrade our learning management system in the second half to consistently track, record and report on all training activity across the group.

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 that we can listen and respond to the concerns and issues raised by our people.

Synergies

We continued to roll out the Master Data Management ("MDM") application which now contains over 4.3 million part numbers and over six million technical features. Brammer Inline provides visibility of stock across 10 European countries, and fully integrated electronic trading between Brammer country businesses. The Brammer Inline application continued to evolve, with the focus on reducing order processing times and costs, and has been progressively extended to all internal warehouses as well as suppliers' stocks. MDM and Brammer Inline, together with a content rich tool which is the repository for detailed product information, have formed the basis for our pan-European Webshop – known as Brammer Online. This application has now been successfully trialled in Spain and Poland, and will be rolled out across Europe during the rest of the year.

Our bespoke MOMASSE demand forecasting and planning tool, combined with Brammer Inline continued to aid the optimisation of stock levels and deliver higher levels of stock availability for a lower investment in inventory. Inventory turns increased by over 8% from 4.8 times one year ago to 5.2 times at the end of the first half year.

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 profit improved slightly compared with the same period last year.

Sales Distribution and Administrative costs (“SDA”) remain under tight control. Although, at constant exchange rates, SDA increased by 15.3%, this increase includes the £1.7 million charge relating to the group’s long-term incentive plans together with increased accruals for bonus and sales commission, and the cessation of short-time working in Germany. Excluding these substantial incremental charges, the increase in constant currency is 10.0%, which represents further investment in people to support our current and planned growth levels through the second half of 2011 into 2012.

The future

We have now enjoyed 25 consecutive months of sequential growth since the low point in June 2009. 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 double digit growth in revenues in 2011. 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.

Ian R Fraser

5 August 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this consolidated interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R , namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The directors of Brammer plc are listed in the Brammer plc Annual Report for 2010.

On behalf of the Board

D Dunn
Chairman

P Thwaite
Finance director

5 August 2011

Brammer CONSOLIDATED INCOME STATEMENT

| | Notes | 6 months to 30 June 2011 (unaudited) £m | 6 months to 30 June 2010 (unaudited) £m | Year to 31 Dec 2010 (audited) £m |
|---|-------|--|--|---|
| Continuing operations | | | | |
| Revenue | 2 | 275.2 | 230.0 | 468.4 |
| Cost of sales | | (192.0) | (161.0) | (327.3) |
| Gross profit | | 83.2 | 69.0 | 141.1 |
| Distribution costs | | (67.8) | (58.0) | (118.1) |
| Amortisation of acquired intangibles | | (0.6) | (0.7) | (1.3) |
| Total sales distribution and administrative costs | | (68.4) | (58.7) | (119.4) |
| Operating profit | 2 | 14.8 | 10.3 | 21.7 |
| <i>Operating profit before amortisation</i> | | 15.4 | 11.0 | 23.0 |
| <i>Amortisation of acquired intangibles</i> | | (0.6) | (0.7) | (1.3) |
| <i>Operating profit</i> | | 14.8 | 10.3 | 21.7 |
| Finance expense | | (1.1) | (1.3) | (2.5) |
| Finance income | | - | - | 0.1 |
| Profit before tax | | 13.7 | 9.0 | 19.3 |
| <i>Profit before tax before amortisation</i> | | 14.3 | 9.7 | 20.6 |
| <i>Amortisation of acquired intangibles</i> | | (0.6) | (0.7) | (1.3) |
| <i>Profit before tax</i> | | 13.7 | 9.0 | 19.3 |
| Taxation | 3 | (3.5) | (2.7) | (5.5) |
| Profit for the period from continuing operations | | 10.2 | 6.3 | 13.8 |
| Profit for the period | | 10.2 | 6.3 | 13.8 |
| Earnings per share | | | | |
| – total | | | | |
| Basic | 4 | 9.6p | 5.9p | 13.0p |
| Diluted | 4 | 9.6p | 5.9p | 13.0p |
| – from continuing operations before amortisation | | | | |
| Basic | 4 | 10.0p | 6.4p | 13.9p |
| Diluted | 4 | 10.0p | 6.4p | 13.9p |

The notes on pages 17 to 26 form an integral part of this consolidated interim financial information.

Brammer CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 6 months to 30 June 2011 | 6 months to 30 June 2010 | Year to 31 December 2010 |
|---|-------------------------------------|-----------------------------|--------------------------------|
| | (unaudited) £m | (unaudited) £m | (audited) £m |
| Profit for the period | 10.2 | 6.3 | 13.8 |
| Other comprehensive income | | | |
| Net exchange differences on translating foreign operations | 4.1 | (4.2) | (1.0) |
| Actuarial gains/(losses) on retirement benefit obligations | 0.3 | (1.8) | 5.2 |
| Other comprehensive income/(expense) for the period, net of tax | 4.4 | (6.0) | 4.2 |
| Total comprehensive income for the period | 14.6 | 0.3 | 18.0 |

The notes on pages 17 to 26 form an integral part of this consolidated interim financial information.

Brammer CONSOLIDATED BALANCE SHEET

| | Notes | 30 June 2011 (unaudited) £m | 30 June 2010 (unaudited) £m | 31 Dec 2010 (audited) £m |
|------------------------------------|-------|-----------------------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Goodwill | 5 | 78.7 | 71.4 | 74.8 |
| Acquired intangible assets | 5 | 4.8 | 5.6 | 5.3 |
| Other intangible assets | 5 | 5.1 | 4.1 | 4.9 |
| Property, plant and equipment | 6 | 11.4 | 11.3 | 11.0 |
| Deferred tax assets | | 5.4 | 7.7 | 6.4 |
| | | 105.4 | 100.1 | 102.4 |
| Current assets | | | | |
| Inventories | | 74.9 | 63.7 | 71.3 |
| Trade and other receivables | | 101.1 | 79.7 | 81.4 |
| Cash and cash equivalents | 7 | 24.5 | 19.9 | 21.7 |
| | | 200.5 | 163.3 | 174.4 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Financial liabilities – borrowings | 7 | (61.7) | (4.0) | (3.8) |
| Trade and other payables | | (106.8) | (83.4) | (94.3) |
| Provisions | 8 | (0.6) | (0.7) | (0.7) |
| Deferred consideration | | (7.8) | (3.8) | (8.0) |
| Current tax liabilities | | (4.5) | (2.9) | (2.7) |
| | | (181.4) | (94.8) | (109.5) |
| Net current assets | | 19.1 | 68.5 | 64.9 |
| Non-current liabilities | | | | |
| Financial liabilities – borrowings | 7 | (3.4) | (56.1) | (54.6) |
| Deferred tax liabilities | | (9.5) | (7.2) | (9.7) |
| Provisions | 8 | (0.1) | (0.4) | (0.2) |
| Deferred consideration | | - | (6.6) | - |
| Retirement benefit obligations | 9 | (13.7) | (26.9) | (15.8) |
| | | (26.7) | (97.2) | (80.3) |
| Net assets | | 97.8 | 71.4 | 87.0 |
| Shareholders' equity | | | | |
| Share capital | 10 | 21.3 | 21.2 | 21.3 |
| Share premium | | 18.2 | 18.1 | 18.1 |
| Translation reserve | | 8.5 | 1.2 | 4.4 |
| Retained earnings | | 49.8 | 30.9 | 43.2 |
| Total equity | | 97.8 | 71.4 | 87.0 |

The notes on pages 17 to 26 form an integral part of this consolidated interim financial information.

Brammer CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share Capital £m | Share Premium £m | Treasury Shares £m | Translation Reserve £m | Retained Earnings £m | Total £m |
|-----------------------------------|------------------------|------------------------|--------------------------|------------------------------|----------------------------|-------------|
| Balance at 1 January 2010 | 21.2 | 18.1 | (0.2) | 5.4 | 30.4 | 74.9 |
| Profit for the period | - | - | - | - | 6.3 | 6.3 |
| Other comprehensive income | - | - | - | (4.2) | (1.8) | (6.0) |
| Total comprehensive income | - | - | - | (4.2) | 4.5 | 0.3 |
| Transactions with owners | | | | | | |
| Dividends | - | - | - | - | (3.8) | (3.8) |
| Total transactions with owners | - | - | - | - | (3.8) | (3.8) |
| Movement in period | - | - | - | (4.2) | 0.7 | (3.5) |
| At 30 June 2010 | 21.2 | 18.1 | (0.2) | 1.2 | 31.1 | 71.4 |
| Profit for the period | - | - | - | - | 7.5 | 7.5 |
| Other comprehensive income | - | - | - | 3.2 | 7.0 | 10.2 |
| Total comprehensive income | - | - | - | 3.2 | 14.5 | 17.7 |
| Transactions with owners | | | | | | |
| Shares issued during the period | 0.1 | - | - | - | - | 0.1 |
| Dividends | - | - | - | - | (2.2) | (2.2) |
| Total transactions with owners | 0.1 | - | - | - | (2.2) | (2.1) |
| Movement in period | 0.1 | - | - | 3.2 | 12.3 | 15.6 |
| At 31 December 2010 | 21.3 | 18.1 | (0.2) | 4.4 | 43.4 | 87.0 |
| Profit for the period | - | - | - | - | 10.2 | 10.2 |
| Other comprehensive income | - | - | - | 4.1 | 0.3 | 4.4 |
| Total comprehensive income | - | - | - | 4.1 | 10.5 | 14.6 |
| Transactions with owners | | | | | | |
| Shares issued during the period | - | 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 | - | - | - | - | 1.0 | 1.0 |
| Dividends | - | - | - | - | (4.8) | (4.8) |
| Total transactions with owners | - | 0.1 | - | - | (3.9) | (3.8) |
| Movement in period | - | 0.1 | - | 4.1 | 6.6 | 10.8 |
| At 30 June 2011 | 21.3 | 18.2 | (0.2) | 8.5 | 50.0 | 97.8 |

Retained earnings as disclosed in the Balance Sheet on page 14 represent the retained earnings and treasury shares balances above.

The notes on pages 17 to 26 form an integral part of this consolidated interim financial information.

Brammer CONSOLIDATED CASH FLOW STATEMENT

| | 6 months to 30 June 2011 (unaudited) £m | 6 months to 30 June 2010 (unaudited) £m | Year to 31 Dec 2010 (audited) £m |
|--|--|--|---|
| Profit for the period | 10.2 | 6.3 | 13.8 |
| Tax charge on continuing operations | 3.5 | 2.7 | 5.5 |
| Depreciation and amortisation of tangible and intangible assets | 2.7 | 2.8 | 5.6 |
| Share options – value of employee services | 1.0 | - | - |
| Gain on sale of property, plant and equipment | (0.2) | - | - |
| Net financing expense | 1.1 | 1.3 | 2.5 |
| Movement in working capital | (13.0) | (8.7) | (1.3) |
| Cash generated from operating activities | 5.3 | 4.4 | 26.1 |
| <i>Cash generated from operating activities before exceptional items</i> | 5.6 | 5.7 | 27.5 |
| <i>Cash outflow from exceptional items</i> | (0.3) | (1.3) | (1.4) |
| Cash generated from operating activities | 5.3 | 4.4 | 26.1 |
| Interest paid | (1.0) | (1.1) | (2.2) |
| Tax paid | (1.5) | (0.7) | (2.7) |
| Decrease in pension obligations | (1.8) | (1.1) | (2.6) |
| Net cash generated from operating activities | 1.0 | 1.5 | 18.6 |
| Cash flows from investing activities | | | |
| Deferred consideration paid on prior acquisitions | (0.7) | (4.5) | (7.6) |
| Earn-out paid on prior acquisitions | - | (0.3) | (0.3) |
| Proceeds from sale of property, plant and equipment | 0.3 | 0.1 | 0.2 |
| Purchase of property, plant and equipment | (1.3) | (1.1) | (1.9) |
| Additions to other intangible assets | (1.0) | (0.1) | (1.6) |
| Net cash used in investing activities | (2.7) | (5.9) | (11.2) |
| Cash flows from financing activities | | | |
| Net proceeds from issue of ordinary share capital | 0.1 | - | 0.1 |
| Net issue/(repayment) of borrowings | 2.9 | (6.5) | (11.3) |
| Dividends paid to shareholders | - | - | (6.0) |
| Purchase of own shares | (0.1) | - | - |
| Net cash generated from/(used) in financing activities | 2.9 | (6.5) | (17.2) |
| Net increase/(decrease) in cash and cash equivalents | 1.2 | (10.9) | (9.8) |
| Exchange gains/(losses) on cash and cash equivalents | 1.1 | (1.5) | (0.6) |
| Cash and cash equivalents at beginning of period | 21.0 | 31.4 | 31.4 |
| Net cash at end of period | 23.3 | 19.0 | 21.0 |
| Cash and cash equivalents | 24.5 | 19.9 | 21.7 |
| Overdrafts | (1.2) | (0.9) | (0.7) |
| Net cash at end of period | 23.3 | 19.0 | 21.0 |

The notes on pages 17 to 26 form an integral part of this consolidated interim financial information.

1 STATUS OF INTERIM REPORT AND ACCOUNTING POLICIES

General information

Brammer plc is a company incorporated and domiciled in the UK, and listed on the London Stock Exchange.

This consolidated interim financial information was approved for issue by a duly appointed and authorised committee of the Board on 5 August 2011.

This consolidated interim financial information for the six months ended 30 June 2011 does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2010 were approved by the Board on 22 February 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The consolidated financial statements of the group for the year ended 31 December 2010 are available from the company's registered office or website (www.brammer.biz).

This consolidated interim financial information is unaudited.

Basis of preparation

This consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, "Interim Financial Reporting" as adopted by the EU. The consolidated interim condensed financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010 which have been prepared in accordance with IFRSs as adopted by the EU.

The financial information is presented in pounds sterling and has been prepared on the historical cost basis.

The directors confirm that they have a reasonable expectation that the group has adequate resources to enable it to continue in existence for the foreseeable future and, accordingly, the consolidated interim financial information has been prepared on a going concern basis. In forming its opinion as to going concern, the Board prepares a cashflow forecast based upon its assumptions as to trading and taking into account the banking facilities available to the group. The Board also models a number of alternative scenarios, taking account of business variables and key risks and uncertainties, and maintains under continuous review the capital structure of the group and the financing options available to the group.

Accounting policies

Except as described below, the principal accounting policies adopted in the preparation of this interim financial information are included in the consolidated financial statements for the year ended 31 December 2010. These policies have been consistently applied to all the periods presented.

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 ending 31 December 2011 are summarised below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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 2011:

The group has adopted the following new standards, amendments and interpretations now applicable. None of these standards and interpretations has had any material effect on the group's results or net assets.

| Standard or interpretation | Content | Applicable for financial years beginning on or after |
|--|---|--|
| Amendment: IFRS 2 | Group cash-settled share-based payment transactions | 1 January 2010 |
| Amendment: IFRS 1 | Additional exemptions for first-time adopters | 1 January 2010 |
| IFRIC 19 | Extinguishing financial liabilities with equity investments | 1 July 2010 |
| IFRIC 14, IAS 19 | Prepayments of a minimum funding requirement | 1 January 2011 |
| Amendment: IAS 24 | Related party disclosures | 1 January 2011 |
| Amendment: IAS 32 | Classification of rights issues | 1 February 2010 |
| Annual improvements to IFRSs (issued 2010) | Various | 1 January 2011 |

The following standards, amendments and interpretations are not yet effective and have not been adopted early by the group:

| Standard or interpretation | Content | Applicable for financial years beginning on or after |
|----------------------------|---|--|
| IFRS 9* | Financial instruments: Classification and measurement | 1 January 2013 |
| Amendment: IAS 12* | Income Taxes | 1 January 2012 |
| IFRS 10 | Consolidated financial statements | 1 January 2013 |
| IFRS 11 | Joint arrangements | 1 January 2013 |
| IFRS 12 | Disclosures of Interests in Other Entities | 1 January 2013 |
| IFRS 13 | Fair Value Measurement | 1 January 2013 |

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

Accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 December 2010.

Risks and uncertainties

The principal strategic level risks and uncertainties affecting the group remain those set out on pages 20 and 21 in the 2010 Annual Report. With regard to financial and capital risks, the group was pleased to announce in July that it had successfully renewed banking facilities, with a facility of €100 million for a five year term, replacing the established facility which was due to expire in February 2012.

The chairman's statement and chief executive's review in this interim report include comments on the outlook for the remaining six months of the financial year.

Forward-looking statements

This interim report contains forward-looking statements. Although the group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

The group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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. 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 2011 the management rate used is €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, software development, inventories, and trade and other receivables. All inter-segmental trading is at an arms-length basis.

| | UK | Germany | France | Spain | Benelux | Eastern Europe | Other operating segments | Total |
|---------------------------------------|-------|---------|--------|-------|---------|----------------|--------------------------|--------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Six months ended 30 June 2011 | | | | | | | | |
| Revenue | | | | | | | | |
| Total revenue | 81.1 | 60.7 | 43.2 | 22.9 | 25.7 | 28.8 | 9.1 | 271.5 |
| Inter company sales | (1.5) | (1.8) | (0.6) | (0.5) | (0.9) | (0.1) | (0.1) | (5.5) |
| Sales to external customers | 79.6 | 58.9 | 42.6 | 22.4 | 24.8 | 28.7 | 9.0 | 266.0 |
| Exchange effect | | | | | | | | 9.2 |
| Total sales to external customers | | | | | | | | 275.2 |
| Underlying operating profit* | 4.2 | 3.6 | 1.9 | 1.8 | 1.5 | 2.0 | 0.0 | 15.0 |
| Exchange effect | | | | | | | | 0.4 |
| Total underlying operating profit | | | | | | | | 15.4 |
| Amortisation of acquired intangibles | | | | | | | | (0.6) |
| Total operating profit | | | | | | | | 14.8 |
| Finance expense | | | | | | | | (1.1) |
| Finance income | | | | | | | | - |
| Profit before tax | | | | | | | | 13.7 |
| Tax | | | | | | | | (3.5) |
| Profit for the period | | | | | | | | 10.2 |
| Segment assets | 48.0 | 25.6 | 29.6 | 17.8 | 21.3 | 25.6 | 13.9 | 181.8 |
| Exchange effect | | | | | | | | 10.7 |
| Total segment assets | | | | | | | | 192.5 |
| Goodwill | | | | | | | | 78.7 |
| Acquired intangibles | | | | | | | | 4.8 |
| Cash | | | | | | | | 24.5 |
| Deferred tax | | | | | | | | 5.4 |
| Total assets | | | | | | | | 305.9 |
| Other segment items | | | | | | | | |
| Capital expenditure | 0.5 | 0.1 | 0.1 | 0.2 | 0.3 | 0.2 | 0.8 | 2.2 |
| Exchange effect | | | | | | | | 0.1 |
| Total capital expenditure | | | | | | | | 2.3 |
| Amortisation and depreciation | (0.4) | (0.1) | (0.1) | (0.2) | (0.3) | (0.2) | (0.7) | (2.0) |
| Exchange effect | | | | | | | | (0.1) |
| Total amortisation and depreciation** | | | | | | | | (2.1) |

SEGMENTAL ANALYSIS (continued)

| | UK | Germany | France | Spain | Benelux | Eastern Europe | Other operating segments | Total |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|----------------|--------------------------|--------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Six months ended 30 June 2010 | | | | | | | | |
| Revenue | | | | | | | | |
| Total revenue | 70.2 | 49.4 | 37.1 | 19.5 | 22.0 | 22.8 | 8.0 | 229.0 |
| Inter company sales | (1.4) | (1.4) | (0.7) | (0.4) | (0.8) | (0.1) | (0.2) | (5.0) |
| Sales to external customers | 68.8 | 48.0 | 36.4 | 19.1 | 21.2 | 22.7 | 7.8 | 224.0 |
| Exchange effect | | | | | | | | 6.0 |
| Total sales to external customers | | | | | | | | 230.0 |
| Underlying operating profit* | 2.8 | 2.5 | 1.5 | 1.4 | 1.1 | 1.2 | 0.2 | 10.7 |
| Exchange effect | | | | | | | | 0.3 |
| Total underlying operating profit | | | | | | | | 11.0 |
| Amortisation of acquired intangibles | | | | | | | | (0.7) |
| Total operating profit | | | | | | | | 10.3 |
| Finance expense | | | | | | | | (1.3) |
| Finance income | | | | | | | | - |
| Profit before tax | | | | | | | | 9.0 |
| Tax | | | | | | | | (2.7) |
| Profit for the period | | | | | | | | 6.3 |
| Segment assets | 41.8 | 23.1 | 25.3 | 16.5 | 20.3 | 22.3 | 11.5 | 160.8 |
| Exchange effect | | | | | | | | (2.0) |
| Total segment assets | | | | | | | | 158.8 |
| Goodwill | | | | | | | | 71.4 |
| Acquired intangibles | | | | | | | | 5.6 |
| Cash | | | | | | | | 19.9 |
| Deferred tax | | | | | | | | 7.7 |
| Total assets | | | | | | | | 263.4 |
| Other segment items | | | | | | | | |
| Capital expenditure | 0.1 | 0.1 | 0.4 | 0.1 | 0.1 | 0.1 | 0.3 | 1.2 |
| Exchange effect | | | | | | | | - |
| Total capital expenditure | | | | | | | | 1.2 |
| Amortisation and depreciation | (0.6) | (0.2) | (0.1) | (0.2) | (0.3) | (0.2) | (0.5) | (2.1) |
| Exchange effect | | | | | | | | - |
| Total amortisation and depreciation** | | | | | | | | (2.1) |

* Operating profit excluding the amortisation of acquired intangibles.

** Total amortisation and depreciation excluding the amortisation of acquired intangibles.

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 current period and the prior period:

| | 30 June 2011 | 30 June 2010 |
|---------------------|--------------|--------------|
| Management rate | €1.20 | €1.20 |
| Actual average rate | €1.146 | €1.153 |
| Balance sheet rate | €1.107 | €1.221 |

3 TAXATION

The charge for taxation is recognised based on management's best estimate of the weighted average annual corporate tax rate expected for the full financial year. The estimated average annual tax rate used for 2011 is 25.4% (the estimated tax rate for the first half year of 2010 was 30.2%).

4 EARNINGS PER SHARE

| | Half year 2011 | | |
|---|-----------------------|--------------------|--------------|
| | Earnings £m | Earnings per share | |
| | | Basic | Diluted |
| Weighted average number of shares in issue ('000) | | 106,365 | 106,525 |
| Total – all continuing operations | | | |
| Profit for the period | 10.2 | 9.6p | 9.6p |
| Amortisation of acquired intangibles | 0.6 | | |
| Tax on amortisation of acquired intangibles | (0.1) | | |
| Earnings before amortisation of acquired intangibles | 10.7 | 10.0p | 10.0p |
| | | | |
| | Half year 2010 | | |
| | Earnings £m | Earnings per share | |
| | | Basic | Diluted |
| Weighted average number of shares in issue ('000) | | 106,286 | 106,286 |
| Total – all continuing operations | | | |
| Profit for the period | 6.3 | 5.9p | 5.9p |
| Amortisation of acquired intangibles | 0.7 | | |
| Tax on amortisation of acquired intangibles | (0.2) | | |
| Earnings before amortisation of acquired intangibles | 6.8 | 6.4p | 6.4p |
| | | | |
| | Full year 2010 | | |
| | Earnings £m | Earnings per share | |
| | | Basic | Diluted |
| Weighted average number of shares in issue ('000) | | 106,290 | 106,290 |
| Total – all continuing operations | | | |
| Profit for the financial year | 13.8 | 13.0p | 13.0p |
| Amortisation of acquired intangibles | 1.3 | | |
| Tax on amortisation of acquired intangibles | (0.3) | | |
| Earnings before amortisation of acquired intangibles | 14.8 | 13.9p | 13.9p |

5 INTANGIBLE ASSETS

| | Goodwill | Acquired intangibles | Other – software development |
|------------------------|-----------------|---------------------------------|---|
| | £m | £m | £m |
| Cost | | | |
| At 1 January 2011 | 74.8 | 9.8 | 13.4 |
| Exchange adjustments | 3.9 | 0.4 | 0.3 |
| Additions | - | - | 1.0 |
| Disposals | - | - | (0.1) |
| At 30 June 2011 | 78.7 | 10.2 | 14.6 |
| Amortisation | | | |
| At 1 January 2011 | - | 4.5 | 8.5 |
| Exchange adjustments | - | 0.3 | 0.3 |
| Charge for the period | - | 0.6 | 0.7 |
| At 30 June 2011 | - | 5.4 | 9.5 |
| Net book value | | | |
| At 30 June 2011 | 78.7 | 4.8 | 5.1 |
| At 31 December 2010 | 74.8 | 5.3 | 4.9 |

6 PROPERTY, PLANT AND EQUIPMENT

| | Land and Buildings | Equipment | Total |
|------------------------|-------------------------------|------------------|--------------|
| | £m | £m | £m |
| Cost | | | |
| At 1 January 2011 | 13.4 | 33.1 | 46.5 |
| Exchange adjustments | 0.3 | 1.0 | 1.3 |
| Additions | 0.1 | 1.2 | 1.3 |
| Disposals | - | (1.2) | (1.2) |
| At 30 June 2011 | 13.8 | 34.1 | 47.9 |
| Depreciation | | | |
| At 1 January 2011 | 7.6 | 27.9 | 35.5 |
| Exchange adjustments | 0.1 | 0.7 | 0.8 |
| Charge for the period | 0.3 | 1.1 | 1.4 |
| Disposals | - | (1.2) | (1.2) |
| At 30 June 2011 | 8.0 | 28.5 | 36.5 |
| Net book value | | | |
| At 30 June 2011 | 5.8 | 5.6 | 11.4 |
| At 31 December 2010 | 5.8 | 5.2 | 11.0 |

7 CLOSING NET DEBT

| | At 30 June 2011 | At 30 June 2010 | At 31 Dec 2010 |
|---|------------------------|-----------------|----------------|
| | £m | £m | £m |
| Borrowings – current – overdrafts | (1.2) | (0.9) | (0.7) |
| Borrowings – current portion of long term loans | (60.5) | (3.1) | (3.1) |
| Borrowings – non-current | (3.4) | (56.1) | (54.6) |
| Cash and cash equivalents | 24.5 | 19.9 | 21.7 |
| Closing net debt | (40.6) | (40.2) | (36.7) |

Reconciliation of net cash flow to movement in net debt

| | 6 months to 30 June 2011 | 6 months to 30 June 2010 | Year to 31 Dec 2010 |
|--|-------------------------------------|-----------------------------|------------------------|
| | £m | £m | £m |
| Net increase/(decrease) in cash and cash equivalents | 1.2 | (10.9) | (9.8) |
| Net (increase)/decrease in borrowings | (2.9) | 6.5 | 11.3 |
| Exchange | (1.7) | (4.4) | 1.5 |
| Movement in net debt | (2.2) | 4.1 | 1.7 |
| Opening net debt | (36.7) | (39.9) | (39.9) |
| Closing net debt | (40.6) | (40.2) | (36.7) |

8 PROVISIONS

| | Restructuring | Other | Total |
|------------------------|----------------------|--------------|--------------|
| | £m | £m | £m |
| At 1 January 2011 | 0.7 | 0.2 | 0.9 |
| Exchange adjustments | 0.1 | - | 0.1 |
| Utilised in the period | (0.3) | - | (0.3) |
| At 30 June 2011 | 0.5 | 0.2 | 0.7 |

The restructuring provision was created at December 2009 and is expected to be fully utilised within one to two years. Other provisions relate to warranty claims for the disposal of a discontinued business.

9 PENSIONS

The valuations used for IAS 19 disclosures for the UK scheme have been based on the most recent actuarial valuation at 31 December 2008 updated by KPMG LLP to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 30 June 2011. Assets are stated at their market value at 30 June 2011.

The latest completed actuarial valuation of the UK scheme was carried out as at 31 December 2008, using the defined accrued benefit method (the same method that was used at the previous valuation), by an independent actuary employed by Barnett Waddingham LLP. The assumptions, which were agreed between the company and trustees, that have the most significant effect on the results of the valuation are those related to the rates of return on investments and the rates of increase in future price inflation and pensions. Over the long term, the returns on investments backing the scheme's liabilities were assumed to be 5.80% per annum before retirement and 4.30% per annum after retirement. For pensions in payment (for both current pensioners and non-retired members) the return on underlying investments was assumed to exceed future pension increases (in excess of the guaranteed minimum pension) by 1.55% per annum. Pensions in excess of the guaranteed minimum pension were assumed to increase at 2.75% per annum. The valuation showed that the market value of the scheme's assets was £63.5 million as at 31 December 2008, which represented 63% of the value of the benefits that had accrued to members at that date.

The financial assumptions used to calculate the liabilities under IAS 19 are:

| | UK scheme | | |
|--|-----------------------------|-----------------------------|------------------------|
| | 6 months to 30 June 2011 | 6 months to 30 June 2010 | Year to 31 Dec 2010 |
| Inflation rate | 3.70% | 3.35% | 3.60% |
| Rate of increase of pensions in payment | 3.70% | 3.35% | 3.60% |
| Rate of increase for deferred pensioners | 3.20% | 3.35% | 3.10% |
| Discount rate | 5.70% | 5.50% | 5.50% |

The amounts recognised in the balance sheet are determined as follows:

| | 30 June 2011 | 30 June 2010 | 31 Dec 2010 |
|---|--------------|--------------|-------------|
| | £m | £m | £m |
| Present value of defined benefit obligations | 110.4 | 109.2 | 110.2 |
| Fair value of plan assets | (96.7) | (82.3) | (94.4) |
| Net liability recognised in the balance sheet | 13.7 | 26.9 | 15.8 |

The amounts recognised in the income statement are as follows:

| | 6 months to 30 June 2011 | 6 months to 30 June 2010 | Year to 31 Dec 2010 |
|--|-----------------------------|-----------------------------|------------------------|
| | £m | £m | £m |
| Current service cost | 0.2 | 0.1 | 0.2 |
| Interest cost | 2.8 | 3.0 | 6.0 |
| Expected return on plan assets | (3.0) | (2.8) | (5.6) |
| Total pension expense included within distribution costs | - | 0.3 | 0.6 |

Analysis of the movement in the balance sheet net liability

| | 6 months to 30 June 2011 | 6 months to 30 June 2010 | Year to 31 Dec 2010 |
|--|-----------------------------|-----------------------------|------------------------|
| | £m | £m | £m |
| Opening | 15.8 | 25.7 | 25.7 |
| Exchange adjustments | 0.1 | (0.1) | - |
| On-going expense as above | - | 0.3 | 0.6 |
| Employer contributions | (1.8) | (1.4) | (3.3) |
| Actuarial (gains)/losses recognised as a reserves movement | (0.4) | 2.4 | (7.2) |
| Closing | 13.7 | 26.9 | 15.8 |

The pension expense is included in distribution costs. The actual return on plan assets was £1.5 million (2010: £1.6 million). The retirement benefit liability at the end of June was £13.7 million (2010: £26.9 million), a net reduction of £2.1 million from 31 December 2010 (£15.8 million). This reduction reflects a lower than expected return on the UK scheme's assets offset by an increase in corporate bond yields leading to a higher discount rate being used to value the liabilities, together with £1.8 million of employers' contributions.

10 SHARE CAPITAL AND RESERVES

Purchase of own shares

During the period the company acquired 75,447 of its own shares of 20p each through the Brammer plc Employee Share Ownership Trust ("the Trust") for an aggregate consideration of £122,982, which has been deducted from shareholders' equity. The Trust holds the shares in order to satisfy vestings under the company's performance share plans and share matching plans. During the period 88,567 shares were transferred to directors and senior managers to meet vestings under these plans.

At 30 June 2011 the Trust held a total 208,121 shares in the company in order to meet part of the company's liabilities under the company's performance share plans and share matching plans. The Trust deed contains a dividend waiver provision in respect of these shares.

Ordinary shares issued

56,393 options were exercised during the period under the group's employee share option schemes with exercise proceeds of £54,717.

The number of ordinary 20p shares in issue at 30 June 2011 was 106,409,074 (30 June 2010: 106,285,588; 31 December 2010: 106,361,185).

Dividends

The final dividend for the year ended 31 December 2010, amounting to £4,779,000, was approved by shareholders at the Annual General Meeting on 17 May 2011 and was paid on 5 July 2011 (2010: £3,816,000). In addition, the directors propose an interim dividend of 2.70p per share (2010: 2.10p per share) payable on 4 November 2011 to shareholders who are on the register at 7 October 2011. This interim dividend, amounting to £2,873,000 (2010: £2,226,000) has not been recognised as a liability in these interim financial statements.

11 RELATED PARTY TRANSACTIONS

Other than the remuneration of executive and non-executive directors which will be disclosed in the group's Annual Report for the year ending 31 December 2011, there were no related party transactions during the period.

12 INTERIM REPORT

A copy of the interim report is available for inspection at the registered office of the company, Claverton Court, Claverton Road, Wythenshawe, Manchester, M23 9NE and the offices of Citigate Dewe Rogerson Ltd, 3 London Wall Buildings, London Wall, London EC2M 5SY.

Current regulations permit the company not to send copies of its interim results to shareholders. Accordingly the 2011 interim results published on 5 August 2011 will not be sent to shareholders. The 2011 interim results and other information about Brammer are available on the company's website at www.brammer.biz.

13 INTERIM DIVIDEND

Relevant dates concerning the payment of the interim dividend are

| | |
|--------------|-----------------|
| Record date | 7 October 2011 |
| Payment date | 4 November 2011 |