

Brammer saves customers money.



2014 £66.2m

We saved our customers a record £66 million in 2014 and have saved them £310 million in 11 years.

2013 £60.0m

2012 £51.5m

2011 £34.9m

2010 £30.0m

2009 £25.8m

2008 £15.0m

2007 £15.1m

2006 £8.8m

2005 £2.6m

2004 £0.4m

Brammer is the leading pan-European added value distributor of industrial maintenance, repair and overhaul products with a strong local presence.

We provide power transmission components, engineering and other related industrial services and fulfil a pivotal role between customers and suppliers, adding value to both through services of the highest quality.

Our strategy has been clear and consistent over the past eleven years and is focused on [four key areas of growth, capabilities, costs and synergies](#).

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Interim statement

Trading

Overall, revenue grew by 0.4% with sales for the period totalling £365.6 million. We continue to experience a significant currency headwind reducing revenue growth by 7.1%. At constant exchange rates ("CER"), revenue increased by 7.5%.

Organic sales growth (including incremental growth of 2014 acquisitions) was 1.8%. At CER, Key Accounts grew by 7.9% while the Base business (including only incremental growth from 2014 acquisitions) declined by 5.2%.

Revenue by segment (£'m)

	First half 2014 Reported	First half 2014 at CER	First half 2015 Reported	First half 2015 at CER
UK	142.2	142.2	143.5	143.8
Germany	62.8	58.9	60.1	63.1
France	43.8	41.2	42.7	44.8
Spain	24.3	22.8	26.5	27.9
Benelux	27.3	25.6	26.1	27.4
Nordic	27.6	24.2	24.2	24.7
Eastern Europe and Other	36.1	34.3	42.5	43.8
Total Group	364.1	349.2	365.6	375.5

Sales per working day ("SPWD") growth of 13.7% in Continental Europe (excluding Nordic region) continued the strong momentum from 2014. Organic SPWD growth in Continental Europe was 5.5%. SPWD in our UK segment were broadly flat, compared to a 4.1% reduction in the second half of 2014.

A challenging market and the adverse effects on the Oil and Gas sector from the decline in global oil prices has affected trading in the Nordic region resulting in a 3.7% reduction in SPWD in the period (down 15.9% organically).

Total SPWD growth by segment at constant currency (%)

	First half 2014	Second half 2014	First half 2015	First half 2015 Organic change ¹	First half 2015 at statutory exchange rates
UK	-1.4%	-4.1%	0.9%	-0.2%	0.8%
Germany	7.7%	8.4%	7.0%	4.3%	-4.2%
France	3.9%	12.8%	9.0%	3.9%	-2.5%
Spain	14.0%	16.2%	22.6%	10.2%	10.7%
Benelux	7.7%	2.9%	9.3%	5.4%	-2.7%
Nordic	-	-	-3.7%	-15.9%	-17.2%
Eastern Europe and Other	27.7%	55.4%	28.5%	6.5%	16.3%
Total Group	14.1%	15.5%	7.2%	1.6%	-

¹ including incremental growth from 2014 acquisitions
growth rates are as measured against the equivalent period in the prior year
H1 2015 average number of working days was 123 days (H1 2014: 122.5 days)

Gross margin of 30.5% decreased by 80 basis points compared to the previous period, reflecting the dilutive effect of growth in lower margin Key Account customers and Tools and General Maintenance ("T&GM") products, and also reflecting difficult market conditions especially in our Nordic region.

Our margin is now on an improving trend and, as our volume of purchases rises, we expect the margin on T&GM to reach similar levels to the rest of our business. The table below shows total sales split by high level product group:

Revenue by business area (£'m)

	2015	% of Group revenue	2014	% of Group revenue	Constant currency change ⁶	Constant currency Organic ^{6,7}
Bearings ¹	111.6	30.5%	116.8	32.1%	3.9%	-2.1%
Power transmission ²	68.8	18.8%	75.4	20.7%	-0.7%	-3.2%
Fluid Power ³	52.1	14.3%	50.9	14.0%	11.1%	5.4%
T&GM ⁴	82.4	22.5%	70.8	19.4%	20.4%	10.3%
General Consumables ⁵	50.7	13.9%	50.2	13.8%	5.9%	2.5%
Total Group	365.6	100%	364.1	100%	7.5%	1.8%
Exchange effect	9.9	-	(14.9)	-	-	-
Total Group – at CER⁶	375.5	100%	349.2	100%	7.5%	1.8%

Interim statement

We continue to extend the product offering to reflect the full Brammer range in every territory, and cross-selling contributed strongly to the Group's growth. Consequently the proportion of non-bearings sales grew to 69.5% (2014: 67.9%).

The following table shows the product group split in our Base business and our Key Account business at constant exchange rates.

Revenue by business area and customer type at CER (£'m) at €1.3 : £1

	Organic ⁷	Acquisitions	2015 Total	2014 Total	Change Total	Change Organic ⁷
Total Group	355.6	19.9	375.5	349.2	7.5%	1.8%
Base business						
Bearings ¹	64.2	6.6	70.8	69.3	2.2%	-7.4%
Power transmission ²	34.5	1.8	36.3	38.3	-5.2%	-9.9%
Fluid Power ³	21.9	2.8	24.7	21.7	13.8%	0.9%
T&GM ⁴	18.2	7.0	25.2	16.9	49.1%	7.7%
General Consumables ⁵	15.7	1.7	17.4	16.7	4.2%	-6.0%
Total Base Business	154.5	19.9	174.4	162.9	7.1%	-5.2%
Key Accounts						
Bearings ¹	44.7	-	44.7	41.9	6.7%	6.7%
Power transmission ²	34.2	-	34.2	32.7	4.6%	4.6%
Fluid Power ³	29.2	-	29.2	26.8	9.0%	9.0%
T&GM ⁴	58.7	-	58.7	52.8	11.2%	11.2%
General Consumables ⁵	34.3	-	34.3	32.1	6.9%	6.9%
Total Key Accounts	201.1	-	201.1	186.3	7.9%	7.9%

1 includes Linear Motion & Seals

2 includes Gearboxes, Motors & Industrial Automation

3 includes Process

4 includes Personal Protective Equipment ("PPE")

5 includes Fasteners, Chemicals, Services and other products

6 constant currency at 2015 management rates of €1.3:£1

7 includes incremental sales growth from 2014 acquisitions

At CER, total bearings sales grew by 3.9% overall, but declined by 2.1% organically, broadly reflecting challenging underlying market conditions and our relatively large market share. However, strong bearings growth of 6.7% in Key Account customers partially offset this decline.

Non-bearing sales increased by 9.2% overall at CER, driven by growth in T&GM (including PPE) of 20.4%, reflecting especially strong growth of 87.7% in Continental Europe. Growth from T&GM is being achieved with all our customer types, with growth of 11.2% in Key Accounts and 7.7% organically in the Base business as we continue to expand this product range.

Underlying operating profit (profit before amortisation of acquired intangibles, acquisition related costs and exceptional items) decreased by 16.5% to £17.2 million (2014: £20.6 million), reflecting the significant foreign exchange headwinds and the effect of the reduction in the gross margin.

Sales, distribution, and administrative costs ("SDA") (before amortisation of acquired intangibles, acquisition related costs and exceptional items) increased by £0.9 million to £94.3 million, including a £6.5 million beneficial foreign exchange impact and a £5.2 million impact from prior year acquisitions. SDA is tightly controlled with any investment focused on our growth drivers, especially T&GM and Invend™. The resulting underlying operating return on sales of 4.7% is 100 basis points below the previous period. In anticipation of continuing difficult market conditions a cost reduction programme was completed in the first half. This programme is expected to save £4 million in the second half and involved a reduction in headcount of approximately 160 employees across the business. The costs of this restructuring activity of £3.6 million are shown as an exceptional item. Underlying basic earnings per share were down 25.0% to 8.1 pence per share (2014: 10.8 pence per share), which includes some dilutive effect from the 10% share placing during 2014.

Growth Drivers and Capabilities underpinning our performance

Organic growth drivers

Key Accounts

SPWD/Sales at constant currency (€1.3 : £1)

	SPWD growth rates (%)			Revenue
	Quarter One 2015	Quarter Two 2015	Half Year 2015	Half Year 2015 £m
Key Accounts	8.6%	7.4%	8.0%	201.1
Base business ¹ (organic) ² – excluding Nordic	-3.3%	-2.4%	-2.8%	135.7
Base business ¹ (organic) ² – Nordic	-1.6%	-38.6%	-21.9%	18.8
Acquisitions				19.9
Base business ¹	11.8%	2.0%	6.3%	174.4

1 acquisitions are reported within Base business as there are no Key Accounts in businesses acquired.

2 includes incremental sales growth from 2014 acquisitions

Interim statement

Key Accounts sales grew at 7.9% at CER, the twelfth consecutive year of growth, and now represent 53.6% of the Group's total sales. Down-trading by one large UK customer reduced Key Account growth by 1.9% in the period. Six additional pan-European contracts were won in the period representing potential annual revenues of up to €32 million. We now have 77 pan-European Key Accounts.

We have already won 11 Key Accounts in Sweden with total potential revenues of €12 million. Most of these were with customers with whom we already have an existing European contract.

Product Range Extension and cross-selling

Tools and General Maintenance

T&GM sales grew 20.4% at CER, but experienced a far higher growth rate of 87.7% in Continental Europe, a result of the focus on this market.

We have extended our capabilities and continue to grow, with 45 people solely dedicated to supporting T&GM business development in Continental Europe.

Our PPE and health and safety brand - Q-Safe has received positive feedback from our customers and the wider market, following the launch in 2014, and sales are growing strongly. Over a fifth of Q-Safe product sales are with Invend™ customers.

Our hand tools, cutting tools and tool storage brand, Roebuck, continues to gain traction in the market, with sales having more than doubled year on year in Continental Europe.

Vending

The Invend™ programme continues to gain momentum. We have built our capacity in UK, Germany, France, Spain, Poland, and the Netherlands and have increasing confidence

in the scalability of our processes. We now have 117 employees supporting the Invend™ initiative and, as at the end of June, have 845 machines installed with an order book of 316 machines across 15 countries, growing at an accelerating rate as we improve the efficiency of our business development process.

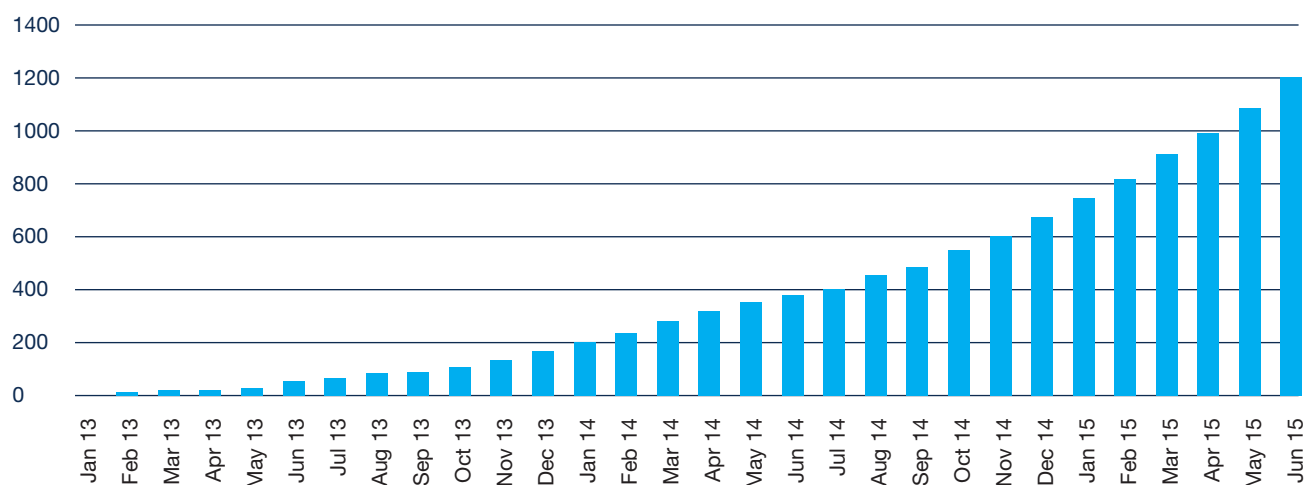
Investment in our T&GM and Invend™ growth drivers now total £2 million and £6 million per annum (2014: £2 million and £4 million) in SDA costs, which we view as the optimum level to scale up our operations. We do not expect any significant increase in this investment in the short to medium term.

When a vending machine is installed at a customer site, we experience both direct sales growth (i.e. sales of products through the machine) and indirect sales growth (incremental sales across a range of products, not through the machine) which comes about as a result of having a much closer and deeper relationship with the customer. Close to 100% of the direct sales growth, which is, on average, €8,000 per machine within the first year, comes from T&GM/PPE products. The incremental indirect sales per machine equate to, on average, €16,000 and are split 42% T&GM/PPE products and 58% Bearings, Power Transmission, Fluid Power and General Consumables products. Consequently, we expect each machine to deliver incremental sales growth of, on average, €24,000, at overall margins consistent with the wider Group. We also expect a net contribution of 10% return on sales from sales growth derived from vending operations.

Based on a machine cost of approximately €8,000, each machine is capable of delivering a Return on Capital Employed ("ROCE") of approximately 30%. The direct sales and indirect sales volumes continue to increase in the second year of installation and beyond, resulting in a higher ROCE in future years.

We shall be reporting our Invend™ progress by reference to the following performance measures:

Cumulative Number of Vending Machines Signed in Agreements



Interim statement

Quarter on quarter update – Machine numbers

Machines Signed

	Q1	Q2	Q3	Q3
2015	237	304		
2014	111	97	110	188
2013	11	34	28	86

Machines Installed

	Q1	Q2	Q3	Q3
2015	172	194		
2014	65	104	105	135
2013	1	13	30	71

Machines Live

	Q1	Q2	Q3	Q3
2015	658	845		
2014	178	278	370	501
2013	1	14	44	115

Quarter on quarter update – Revenue¹

Total Account sales¹ (for accounts with vending machines)

	Q1	Q2	Q3	Q3
2015	10,371	11,995		
2014	3,092	4,756	6,709	8,238
2013	9	135	615	820

Invend™ growth rates

	Q1	Q2	Q3	Q3
2015	37.2%	24.7%		
2014	74.0%	47.5%	62.1%	48.4%
2013	-	243.2%	35.9%	106.5%

¹ in €000s

Insites™

On a constant currency basis Insite™ sales grew by 6.8% to £100.7 million, with a further 31 new locations established overall. The Group now operates a total of 458 Insites™ including four in the Nordic region. The value-added services provided by the Insite™ model, inventory optimisation, cost-saving projects and ready access to Brammer's product specialists, continue to be an attractive proposition for our customers.

Market segmentation

Our market share increased in Food and Drink with growth of 10.0%. Automotive sales also grew strongly by 15.4% and the Metals segment grew at 17.7%.

Acquisitions and Synergies

A new regional distribution facility in Gothenburg, Sweden opened in May which will serve our full product range to our customers across the region. The Brammer growth drivers and capabilities are becoming embedded and the resulting post-acquisition synergies starting to be realised. This will fuel growth and enhance profitability in future years despite the challenging market conditions we are currently experiencing in this territory.

The Future

Our business outside the UK and Nordic regions performed well with overall SPWD growth of 13.7% at CER, and organic SPWD growth of 5.5%, reflecting further market share gains in challenging markets. Our UK business reversed the deterioration seen in the second half of last year with an organic SPWD decline of 0.2% (compared with a decline of 4.1% in the second half of last year). However our Nordic business which is heavily exposed to the Oil and Gas sector saw organic SPWD decline of 15.9%.

Our vending programme (Invend™), whilst in its infancy, produced excellent results with strong signings and installations. Vending customers now represent 5.4% of revenues and grew 29.9%. We are encouraged by the rate of improvement in vending machine wins and installations.

For the remainder of the year, we expect to see continued improvement in our UK business, and solid growth in our continental businesses, but our Nordic business will continue to suffer from ongoing market headwinds. We have seen evidence of an improving trend in gross margins since the end of the first quarter, and should benefit from the impact of the cost reduction programme, completed in the first half. Whilst mindful of tough market conditions and the impact of continuing weakness in the Euro, we remain on track to meet the Board's expectations for the full year.

More broadly we expect to see limited industrial output growth in Europe over the next two years, and will therefore continue to focus on our growth driver strategy. Our Invend™, cross-selling and Key Account programmes will enable us to outperform the market. Our vending programme (Invend™) continues to gain traction and is beginning to deliver attractive returns.

Ian Fraser

28 July 2015

Interim statement

Operating segment review

UK – Segment performance

	2015	2014	Change	Constant currency change ²	Organic change ³
Revenue	£143.5m	£142.2m	0.9%	0.9%	-0.2%
SPWD growth ²	0.9%	-1.4%	2.3%	0.9%	-0.2%
Underlying operating profit ¹	£6.1m	£8.2m	-25.6%	-25.6%	-30.8%
Operating return on sales ¹	4.3%	5.8%	-1.5%		
% of Group revenue	39.3%	39.1%			

¹ pre amortisation of acquired intangibles, acquisition related costs and exceptional items

² at constant currency

³ at constant currency, including incremental impact of acquisitions

The UK (including Ireland and Iceland) is our largest operation, contributing 39.3% to total Group revenue. It is the business where the Brammer growth strategy is furthest developed. Sales increased by £1.3 million to £143.5 million, representing SPWD growth of 0.9% compared to the 1.4% decline in the equivalent period in 2014. Organic growth is broadly flat, representing a stabilisation of trading with a small number of large customers and some positive signs of a return to growth.

Overall, Key Account sales increased by 1.9 %, reversing a full year decline of 0.4% last year with new Key Accounts won with Piramal, Nampak and Enthoven, as well as contract extensions agreed with Unilever, Cargill and Kerry Group. Key Accounts now represents 75.9% of revenue, a 0.8% increase. Base business declined by 2.3%, though this represents an improving trend compared to the 8.2% decline in 2014.

Bearing sales grew by 5.9% overall, mainly through Key Accounts customers. Our cross-selling initiatives continued with Fluid Power growing by 4.7%, though T&GM sales remained broadly flat as growth was offset by a limited recovery from a large Buck & Hickman customer where we experienced a significant decline last year.

Operating profit has decreased by 25.6%, to £6.1 million, mainly reflecting gross margin reductions from product and customer mix consistent with the overall Group. Whilst this is reflected in the decline in operating return on sales by 1.5 basis points to 4.3%, cost saving measures undertaken in the first half are expected to support profitability for the rest of the year.

Germany – Segment performance

	2015	2014	Change	Constant currency change ²	Organic change ³
Revenue	£60.1m	£62.8m	-4.3%	7.0%	4.3%
SPWD growth ²	7.0%	7.7%	-0.6%	7.0%	4.3%
Underlying operating profit ¹	£3.4m	£3.9m	-12.8%	-2.8%	-5.3%
Operating return on sales ¹	5.7%	6.2%	-0.5%		
% of Group revenue	16.4%	17.2%			

¹ pre amortisation of acquired intangibles, acquisition related costs and exceptional items

² at constant currency

³ at constant currency, including incremental impact of acquisitions

Germany, our second largest segment contributed £60.1 million to revenue, 16.4% of the Group total. SPWD increased by 7.0% at CER reflecting continued benefits from our organic growth drivers together with a 2.7% contribution from the bolt-on acquisition made last year.

Bearings sales declined 2.8%, reflecting a challenging market, but our focus on product range extension saw 12.5% growth in non-bearings products driven by continued strong T&GM growth. T&GM achieved 92.8% organic growth and 133% total growth as the strategy successfully delivers market share gains. T&GM products now represent 10.0% of segment revenue and

the delivery of an additional 100 training days in 2015 continued to embed the strategy within the business.

Key Accounts grew by 12.3% and now account for 40.1% of turnover. Several new Key Accounts were won during the period including Jacobs Douwe Egberts and Goodyear underpinning future growth. The number of Insite™ locations increased by a net two and there are now 60 Insites™ with sales growth of 11.5%.

Operating profit has decreased by 2.8% at CER, mainly reflecting gross margin reductions from product and customer mix consistent with the overall Group.

Interim statement

France – Segment performance

	2015	2014	Change	Constant currency change ²	Organic change ³
Revenue	£42.7m	£43.8m	-2.5%	9.0%	3.9%
SPWD growth ²	9.0%	3.9%	5.1%	9.0%	3.9%
Underlying operating profit ¹	£1.4m	£1.8m	-22.2%	-12.5%	-21.7%
Operating return on sales ¹	3.3%	4.1%	-0.8%		
% of Group revenue	11.7%	12.0%			

¹ pre amortisation of acquired intangibles, acquisition related costs and exceptional items

² at constant currency

³ at constant currency, including incremental impact of acquisitions

France, our third largest segment contributed £42.7 million to revenue, 11.7% of the Group total. SPWD increased by 9.0% at CER reflecting 3.9% organic growth together with a 5.1% contribution from the bolt-on acquisition made last year.

Whilst bearings sales remained broadly flat, growth in non bearing sales was driven by product range extension and cross-selling, particularly in T&GM, which increased 43.3% and now represents 13% of segment revenue.

Key Account growth of 8.8% continued the recent accelerating growth trend supported by several new account wins including Johnson Control and Schneider Electric. The Insite™ programme now operates at a total of 69 sites, including a net 13 new sites added.

Operating profit has decreased by 12.5% at CER, mainly reflecting gross margin reductions from product and customer mix consistent with the overall Group.

Spain – Segment performance

	2015	2014	Change	Constant currency change ²	Organic change ³
Revenue	£26.5m	£24.3m	9.1%	22.4%	9.6%
SPWD growth ²	22.6%	12.9%	9.7%	22.6%	10.2%
Underlying operating profit ¹	£2.4m	£2.5m	-4.0%	13.6%	2.4%
Operating return on sales ¹	9.1%	10.3%	-1.2%		
% of Group revenue	7.3%	6.7%			

¹ pre amortisation of acquired intangibles, acquisition related costs and exceptional items

² at constant currency

³ at constant currency, including incremental impact of acquisitions

SPWD growth accelerated by 9.7 basis points to 22.6% at CER representing continued growth in a weak market as a result of good development of all of our growth drivers, together with a 12.4% contribution from the bolt-on acquisitions made last year.

Key Account revenues grew by 14.3% with new contract wins during the period including Cegelec, Freudenburg and Maier. Insite™ revenue growth remained strong at 22.1% as a further five Insites™ were established bringing the total number of Insites™ to 51.

Excellent progress continued in product range extension and revenue from T&GM is now 1.7 times greater than last year from exploiting cross selling opportunities with existing customers as well as benefiting from the acquisitions made in 2014; T&GM is now the second largest product category in the segment.

Operating profit has increased by 13.6% at CER, lower than sales growth mainly reflecting gross margin reductions from product and customer mix consistent with the overall Group.

Benelux – Segment performance

	2015	2014	Change	Constant currency change ²	Organic change ³
Revenue	£26.1m	£27.3m	-4.4%	7.0%	3.1%
SPWD growth ²	9.3%	6.8%	2.5%	9.3%	5.4%
Underlying operating profit ¹	£1.6m	£1.4m	14.3%	30.8%	25.3%
Operating return on sales ¹	6.1%	5.1%	1.0%		
% of Group revenue	7.1%	7.5%			

¹ pre amortisation of acquired intangibles, acquisition related costs and exceptional items

² at constant currency

³ at constant currency, including incremental impact of acquisitions

Interim statement

SPWD in the Benelux countries together increased by 9.3% at CER reflecting growth through product range extension and cross selling with a 3.9% contribution from the bolt-on acquisition made last year. Growth in both T&GM and Fluid Power were supported by activities which included the full launch of the Q-Safe brand along with a rolling program of roadshows to educate our customers about our enhanced product range.

Key Account wins including Colfax and Prodrive in the Netherlands and Henkel and Akzo Nobel in Belgium should underpin continued growth, currently at 7.5%. Insite™ revenue grew by 5.3% although the number of Insites™ remained flat with eight in the Netherlands and ten in Belgium. Operating profit has increased by 30.8% at CER, above sales growth mainly reflecting synergies from the combination of some operational functions across Belgium and Netherlands and the integration of last year's acquisition.

Nordic – Segment performance

	2015	2014	Change	Constant currency change ²	Organic change ³
Revenue	£24.2m	£27.6m	-12.3%	2.1%	-10.7%
SPWD growth ²	-3.7%	n/a	n/a	-3.7%	-15.9%
Underlying operating profit ¹	–	£1.8m	-100.0%	-100.0%	-137%
Operating return on sales ¹	–	6.5%	-6.5%		
% of Group revenue	6.6%	7.6%			

1 pre amortisation of acquired intangibles, acquisition related costs and exceptional items

2 at constant currency

3 at constant currency, including incremental impact of acquisitions

The Nordic segment comprises our businesses in Norway, Sweden, Finland and Denmark which contributed £24.2 million to revenue, 6.6% of the Group total. SPWD decreased by 3.7% at CER, which includes a 12.2% contribution from the bolt-on acquisitions made last year. Trading has been adversely affected by the weakness in the Oil and Gas sector from the decline in global oil prices, and recessionary pressure resulting in weaker demand throughout the region.

We are already trading with 11 Key Accounts whilst many others have indicated a strong interest for us to support their Nordic operations in the future, which will help to offset current market weakness. This will be a significant future growth driver and will improve profitability over the coming years. However, in the shorter term, profitability has suffered, reflecting the downturn in trading in the period.

Eastern Europe and Other – Segment performance

	2015	2014	Change	Constant currency change ²	Organic change ³
Revenue	£42.5m	£36.1m	17.7%	28.4%	6.4%
SPWD growth ²	28.5%	27.7%	0.8%	28.5%	6.5%
Underlying operating profit ¹	£2.3m	£1.0m	130.0%	27.8%	25.0%
Operating return on sales ¹	5.4%	2.8%	2.6%		
% of Group revenue	11.6%	9.9%			

1 pre amortisation of acquired intangibles, acquisition related costs and exceptional items

2 at constant currency

3 at constant currency, including incremental impact of acquisitions

Our Eastern European and other businesses (comprising Poland, the Czech Republic and Slovakia, Hungary, Italy and our Insite™ in Saudi Arabia) contributed £42.5 million to revenue, 11.6% of the Group total. SPWD increased by 28.5% at CER reflecting 6.5% organic growth together with a significant contribution of 22.0% from the acquisitions made last year.

Key Accounts now represent 46% of total segment revenue, growing by 18.3%. Fourteen new Insites™ were implemented in 2015 as the Brammer growth drivers gain further traction across all the businesses. There was pleasing growth in all key product

areas; T&GM revenue grew by 112%, Power Transmission revenue by 26.0%, Fluid Power revenue by 41.0% and Bearings revenue by 19.6%. This has enabled us to achieve significant gains in our target markets in Eastern Europe and Italy, with pleasing results from our organic growth drivers underpinned by the momentum provided by the acquisitions made last year. Integration of these acquisitions is progressing well and we are beginning to realise synergy benefits, with future growth opportunities.

Operating profit has increased by 27.8% at CER, in line with sales growth.

Interim statement

Operating performance

	2015 £m	2014 £m
Revenue	365.6	364.1
Gross margin %	30.5%	31.3%
Gross profit	111.5	114.0
Sales, distribution and administration costs	(94.3)	(93.4)
Operating profit ¹	17.2	20.6
Operating return on sales ¹	4.7%	5.7%
Profit before tax ¹	14.1	17.5
Cash generated from operations ¹	4.2	(3.6)
Earnings per share ¹ – basic	8.1p	10.8p
Dividend per share	3.6p	3.6p

¹ before amortisation of acquired intangibles, acquisition related costs and exceptional items

Key Performance Indicators and other measures

	2015 £m	2014 £m
Group sales growth ¹	7.5%	13.1%
Organic ² SPWD growth ¹	1.6%	5.4%
Key Account SPWD growth ¹	7.9%	9.8%
Return on Capital employed	21.5%	26.6%
Net debt to EBITDA	1.99:1	1.4:1
Interest Cover	7.5	11.5
Stock turn	3.8	4.4

¹ at constant currency

² including incremental growth from acquisitions

Interest

The net finance expense was £3.1 million (2014: £3.1 million), which included £0.6 million (2014: £0.6 million) interest expense relating to the retirement benefit liability. Underlying operating profit covers interest by 7.5 times (2014: 11.5 times).

Amortisation of acquired intangibles and acquisition related costs

Amortisation of acquired intangibles totalled £2.1 million (2014: £0.6 million). Acquisition related costs in the period were an income of £0.7 million (2014: cost of £1.6 million) following a £1.3 million reduction in the deferred consideration liability relating to the Lönne acquisition.

Exceptional items

A review of the Group's operating cost base resulted in headcount and other restructuring costs of £3.6 million being incurred and recognised as a pre-tax operating exceptional charge. These actions were taken in response to the challenging market conditions in which the Group operated during the six month period.

In 2014, an exceptional charge of £3.7 million was recognised comprising headcount and related restructuring costs arising from the integration of the logistics and administrative functions of the Buck & Hickman business with the legacy Brammer UK business, together with restructuring costs arising as part of the process of integrating acquisitions made in the year.

Dividend

The Board proposes to maintain the interim dividend at 3.6 pence per share, reflecting the Board's confidence in Brammer's long term growth prospects. The interim dividend will be paid on 5 November 2015 to shareholders on the register at 9 October 2015.

Return on operating capital employed

The return on operating capital employed, based on underlying operating profit, was 21.5% (2014: 26.6%) mainly reflecting the effect of acquisitions on the Group's operating capital employed.

Operating cash generation and cash flow

Net debt increased by £5.5 million during the period, from £85.3 million to £90.8 million. This increase is after £4.7 million of net capital expenditure as investment in strategic projects continues, and £17.8 million working capital outflow (2014: £27.9 million outflow) primarily due to debtors, reflecting the impact of seasonality and the mix of sales by territory.

At the period end, net debt/EBITDA stood at 1.99:1 times (December 2014: 1.82:1 times).

Net cash outflow from operating activities was £0.5 million (2014: £7.0 million outflow), and is after £0.6 million outflow (2014: £1.6 million) relating to acquisition related costs, and £4.1 million outflow (2014: £1.8 million) from exceptional items. Excluding these items, cash generated from operating activities before exceptional items was £4.2 million (2014: £3.6 million cash outflow).

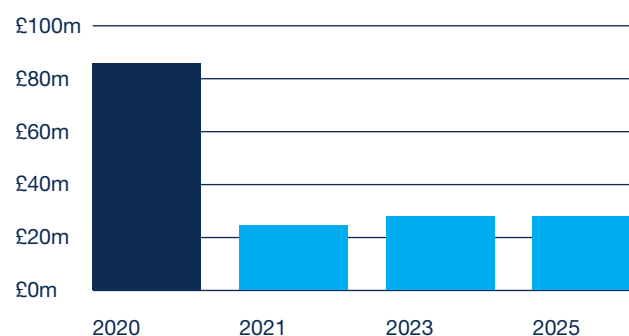
Whilst cash generation is expected to be stronger in the second half, as the seasonal impact benefits working capital, we expect to see increased capital expenditure on vending machines and also the effects of increasing pressure on payment terms with suppliers and customers as the impact of the European late payment directive is experienced more widely.

Financing

During the period, the Group re-financed its principal debt facility, replacing the previous revolving credit facility which was due to expire on 30 June 2016. The Group is now principally financed by a €120 million (£85.0 million) floating rate revolving credit facility which is committed to 30 April 2020, and has a further uncommitted facility of €20 million. 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 2016 expiry date.

In addition the Group is financed by a \$175 million (or currency equivalent) private placement shelf facility, which was initially established in 2013 and was extended in 2014. As at December 2014, €85 million (\$112.5 million) had been issued. During the period, the Group issued a further €30 million (£22.0 million) of private placement notes under this facility. These private placement notes have a ten year term, are unsecured, bear interest at a fixed rate and mature in January 2025.

Maturity profile of committed loan facilities



■ Revolving Credit Facility (£120m) – floating rates
■ Private Placements (£35m; £40m and £40m)

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 this consolidated interim financial information; 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 and their respective responsibilities are as listed in the Brammer plc 2014 Annual Report, except for the retirement on 15 May 2015 of Terry Garthwaite as a non-executive director.

On behalf of the Board

Ian Fraser

Chief Executive

28 July 2015

Paul Thwaite

Finance Director

Consolidated income statement

	Notes	6 months to 30 June 2015 (unaudited) £m	6 months to 30 June 2014 (unaudited) £m	Year to 31 Dec 2014 (audited) £m
Revenue	2	365.6	364.1	723.6
Cost of sales		(254.1)	(250.1)	(494.2)
Gross profit		111.5	114.0	229.4
Distribution costs		(97.9)	(97.1)	(200.8)
Amortisation of acquired intangibles ("amortisation") and acquisition related costs		(1.4)	(2.2)	(4.8)
Total sales distribution and administrative costs		(99.3)	(99.3)	(205.6)
Operating profit	2	12.2	14.7	23.8
<i>Operating profit before amortisation, acquisition related costs and exceptional items</i>				
		17.2	20.6	41.2
<i>Amortisation and acquisition related costs</i>				
		(1.4)	(2.2)	(4.8)
<i>Exceptional items</i>				
	5	(3.6)	(3.7)	(12.6)
<i>Operating profit</i>		12.2	14.7	23.8
Finance expense		(3.1)	(3.2)	(6.3)
Finance income		–	0.1	0.2
Profit before tax		9.1	11.6	17.7
<i>Profit before tax before amortisation, acquisition related costs and exceptional items</i>				
		14.1	17.5	35.1
<i>Amortisation and acquisition related costs</i>				
		(1.4)	(2.2)	(4.8)
<i>Exceptional items</i>				
	5	(3.6)	(3.7)	(12.6)
<i>Profit before tax</i>		9.1	11.6	17.7
Taxation		(2.4)	(2.9)	(6.2)
Profit for the period		6.7	8.7	11.5
Earnings per share – total				
Basic	4	5.2p	7.1p	9.2p
Diluted	4	5.0p	6.9p	8.9p
Earnings per share – pre amortisation, acquisition related costs and exceptional items				
Basic	4	8.1p	10.8p	20.7p
Diluted	4	7.9p	10.5p	20.2p

Consolidated statement of comprehensive income

	6 months to 30 June 2015 (unaudited) £m	6 months to 30 June 2014 (unaudited) £m	Year to 31 Dec 2014 (audited) £m
Profit for the period	6.7	8.7	11.5
Other comprehensive expense			
<i>Items that are not subsequently reclassified to the income statement</i>			
Actuarial gains/(losses) on retirement benefit obligations	2.4	(3.0)	(10.0)
<i>Items that may be subsequently reclassified to the income statement</i>			
Net exchange differences on translating foreign operations	(8.9)	(4.6)	(11.5)
Effective portion of changes in fair value of cash flow hedges	0.1	–	–
	(8.8)	(4.6)	(11.5)
Other comprehensive expense for the period, net of tax	(6.4)	(7.6)	(21.5)
Total comprehensive income/(expense) for the period	0.3	1.1	(10.0)

Items in the statement above are disclosed net of tax.

The notes on pages 14 to 22 form an integral part of this consolidated interim financial information.

Consolidated balance sheet

	Notes	30 June 2015 (unaudited) £m	30 June 2014 (unaudited) £m	31 Dec 2014 (audited) £m
Assets				
Non-current assets				
Goodwill	6	105.5	129.5	118.5
Acquired intangible assets	6	27.8	8.5	23.6
Other intangible assets	6	16.1	14.0	16.4
Property, plant and equipment	7	23.8	21.1	23.7
Deferred tax assets		12.2	12.8	12.3
		185.4	185.9	194.5
Current assets				
Inventories		122.3	109.6	133.9
Trade and other receivables		137.2	140.9	130.4
Cash and cash equivalents	8	8.8	10.6	11.0
		268.3	261.1	275.3
Liabilities				
Current liabilities				
Financial liabilities – borrowings	8	(2.9)	(4.0)	(3.6)
Trade and other payables		(148.5)	(139.0)	(152.5)
Derivative financial instruments		–	–	(0.1)
Provisions	9	(2.9)	(2.5)	(3.6)
Deferred and contingent consideration		(0.6)	–	(0.1)
Current tax liabilities		(2.3)	(2.8)	(0.9)
		(157.2)	(148.3)	(160.8)
Net current assets		111.1	112.8	114.5
Non-current liabilities				
Financial liabilities – borrowings	8	(96.7)	(75.8)	(92.7)
Deferred tax liabilities		(14.7)	(9.7)	(14.8)
Derivative financial instruments		–	(0.2)	–
Deferred and contingent consideration		(4.8)	(7.5)	(7.2)
Retirement benefit obligations	10	(34.7)	(30.8)	(38.6)
		(150.9)	(124.0)	(153.3)
Net assets		145.6	174.7	155.7
Shareholders' equity				
Share capital	11	25.9	25.9	25.9
Share premium		18.2	18.2	18.2
Translation reserve		(20.6)	(4.8)	(11.7)
Cash flow hedging reserve		–	(0.1)	(0.1)
Retained earnings		122.1	135.5	123.4
Total equity		145.6	174.7	155.7

The notes on pages 14 to 22 form an integral part of this consolidated interim financial information.

Consolidated statement of changes in equity

	Share Capital £m	Share Premium £m	Treasury Shares £m	Cash flow Hedging Reserve £m	Translation Reserve £m	Retained Earnings £m	Total £m
Balance at 1 January 2014	23.6	18.2	(0.2)	(0.1)	(0.2)	87.9	129.2
Profit for the period	-	-	-	-	-	8.7	8.7
Other comprehensive expense	-	-	-	-	(4.6)	(3.0)	(7.6)
Total comprehensive income	-	-	-	-	(4.6)	5.7	1.1
Transactions with owners							
Shares issued during the period ¹	2.3	-	-	-	-	50.1	52.4
Purchase of own shares	-	-	(0.7)	-	-	-	(0.7)
Transfer on vesting of own shares	-	-	0.6	-	-	(0.6)	-
Share-based payments	-	-	-	-	-	1.2	1.2
Tax credit on share performance plans	-	-	-	-	-	0.3	0.3
Dividends	-	-	-	-	-	(8.8)	(8.8)
Total transactions with owners	2.3	-	(0.1)	-	-	42.2	44.4
Movement in period	2.3	-	(0.1)	-	(4.6)	47.9	45.5
At 30 June 2014	25.9	18.2	(0.3)	(0.1)	(4.8)	135.8	174.7
Profit for the period	-	-	-	-	-	2.8	2.8
Other comprehensive expense	-	-	-	-	(6.9)	(7.0)	(13.9)
Total comprehensive expense	-	-	-	-	(6.9)	(4.2)	(11.1)
Transactions with owners							
Purchase of own shares	-	-	(0.9)	-	-	-	(0.9)
Transfer on vesting of own shares	-	-	0.7	-	-	(0.7)	-
Share-based payments	-	-	-	-	-	(1.1)	(1.1)
Tax charge on share performance plans	-	-	-	-	-	(1.1)	(1.1)
Dividend equivalents paid under share performance plans	-	-	-	-	-	(0.2)	(0.2)
Dividends	-	-	-	-	-	(4.6)	(4.6)
Total transactions with owners	-	-	(0.2)	-	-	(7.7)	(7.9)
Movement in period	-	-	(0.2)	-	(6.9)	(11.9)	(19.0)
At 31 December 2014	25.9	18.2	(0.5)	(0.1)	(11.7)	123.9	155.7
Profit for the period	-	-	-	-	-	6.7	6.7
Other comprehensive expense	-	-	-	0.1	(8.9)	2.4	(6.4)
Total comprehensive income	-	-	-	0.1	(8.9)	9.1	0.3
Transactions with owners							
Purchase of own shares	-	-	(1.7)	-	-	-	(1.7)
Transfer on vesting of own shares	-	-	0.4	-	-	(0.4)	-
Share-based payments	-	-	-	-	-	0.6	0.6
Tax charge on share performance plans	-	-	-	-	-	(0.1)	(0.1)
Dividends	-	-	-	-	-	(9.2)	(9.2)
Total transactions with owners	-	-	(1.3)	-	-	(9.1)	(10.4)
Movement in period	-	-	(1.3)	0.1	(8.9)	-	(10.1)
At 30 June 2015	25.9	18.2	(1.8)	-	(20.6)	123.9	145.6

¹ Ordinarily, the excess of the net proceeds over the nominal value of the share capital issued would be credited to a non-distributable share premium account. However, the placing of shares completed in April 2014 was effected through a structure which resulted in the creation of a reserve of £50.1 million (£4.7 million considered non-distributable) that was credited to retained earnings under section 612 of the Companies Act 2006.

Retained earnings as disclosed in the Balance Sheet on page 11 represent the retained earnings and treasury shares balances above.

The notes on pages 14 to 22 form an integral part of this consolidated interim financial information.

Consolidated cash flow statement

	6 months to 30 June 2015 (unaudited) £m	6 months to 30 June 2014 (unaudited) £m	Year to 31 Dec 2014 (audited) £m
Profit for the period	6.7	8.7	11.5
Tax charge	2.4	2.9	6.2
Depreciation and amortisation of tangible and intangible assets	6.2	5.0	9.7
Share options – value of employee services	0.6	1.2	0.1
Reduction in contingent consideration accrual	(1.3)	–	–
Impairment of goodwill	–	–	3.6
Gain on disposal of tangible and intangible assets	(0.4)	–	–
Net financing expense	3.1	3.1	6.1
Movement in working capital	(17.8)	(27.9)	(23.5)
Cash (absorbed)/generated from operating activities	(0.5)	(7.0)	13.7
<i>Cash generated/(absorbed) from operating activities before exceptional items</i>	4.2	(3.6)	20.6
<i>Cash outflow from acquisition related costs</i>	(0.6)	(1.6)	(3.0)
<i>Cash outflow from exceptional items</i>	(4.1)	(1.8)	(3.9)
Cash (absorbed)/generated from operating activities	(0.5)	(7.0)	13.7
Interest paid	(2.1)	(2.2)	(4.2)
Tax paid	(1.6)	(4.5)	(7.8)
Funding of pension schemes less pension expense included in operating profit	(1.3)	(1.4)	(2.7)
Net cash absorbed from operating activities	(5.5)	(15.1)	(1.0)
Cash flows from investing activities			
Proceeds from discontinued businesses	–	–	0.5
Acquisition of businesses (net of cash acquired)	–	(36.5)	(40.8)
Deferred consideration paid on prior acquisitions	–	(0.3)	(0.3)
Proceeds from sale of property, plant and equipment	1.2	0.3	0.3
Purchase of property, plant and equipment (note 7)	(3.9)	(6.0)	(9.8)
Additions to other intangible assets (note 6)	(2.0)	(2.4)	(6.5)
Net cash used in investing activities	(4.7)	(44.9)	(56.6)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	–	52.4	52.4
Net proceeds from issue of private placement (note 8)	22.0	29.3	37.2
Net repayment of loans	(11.5)	(28.1)	(23.0)
Net increase in finance leases	–	–	0.1
Dividends paid to shareholders	–	–	(13.4)
Purchase of own shares	(1.7)	(0.7)	(1.6)
Net cash generated from financing activities	8.8	52.9	51.7
Net decrease in cash and cash equivalents	(1.4)	(7.1)	(5.9)
Exchange losses on cash and cash equivalents	(0.5)	(0.5)	(0.9)
Cash and cash equivalents at beginning of period	10.7	17.5	17.5
Net cash at end of period	8.8	9.9	10.7
Cash and cash equivalents	8.8	10.6	11.0
Overdrafts	–	(0.7)	(0.3)
Net cash at end of period	8.8	9.9	10.7

The notes on pages 14 to 22 form an integral part of this consolidated interim financial information.

Notes to the 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 28 July 2015.

This consolidated interim financial information for the six months ended 30 June 2015 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2014 were approved by the Board on 17 February 2015 and delivered to the Registrar of Companies. The auditors' report 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 2014 are available from the company's registered office or website (www.brammer.biz).

This consolidated interim financial information is neither audited nor reviewed.

Basis of preparation

This consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting" as adopted by the EU. The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014 which have been prepared in accordance with IFRS's as adopted by the EU.

The financial information is presented in pounds Sterling and has been prepared on the historical cost basis modified for fair values under IFRS as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The directors confirm that they have a reasonable expectation that the Group has adequate resources to enable it to continue in existence for the twelve months from the date of approval of this interim financial information 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

The principal accounting policies adopted in the preparation of this consolidated interim financial information are included in the consolidated financial statements for the year ended 31 December 2014. 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 2015 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 Group has adopted the following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2015. 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 9	Financial instruments: Classification and measurement	1 January 2015

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
Amendment: IAS 16	Property, plant and equipment	1 January 2016
Amendment: IAS 38	Intangible assets	1 January 2016
Amendment: IFRS 11	Joint arrangement	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial instruments	1 January 2018

None of these standards or interpretations are expected to have a material impact on the Group.

Notes to the consolidated interim financial information

1 Status of interim report and accounting policies

Accounting estimates and judgements

The preparation of consolidated 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 2014.

Risks and uncertainties

The principal strategic level risks and uncertainties affecting the Group, together with the approach to their mitigation, remain as set out in the Strategic Report on pages 24 to 27 in the 2014 Annual Report, which is available on the Group's website (www.brammer.biz). In summary the Group's principal risks and uncertainties are:

> Slowdown of industrial activity	> Adverse euro exchange rates
> Withdrawal of a major supplier	> Financial and capital risks
> Loss of major customers	> Expected benefits from acquisitions not realised
> Customers relocating to lower cost countries	> Expected benefits from strategic growth initiatives not realised
> Loss of infrastructure/systems	> Loss of key employees

The chief executive's statement in this interim report includes 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.

Notes to the consolidated interim financial information

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 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 2015 the management rate used is €1.30 : £1 (2014: €1.25 : £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, other intangibles, inventories, and trade and other receivables.

All inter-segmental trading is on an arms-length basis.

Six months ended 30 June 2015

	UK £m	Germany £m	France £m	Spain £m	Benelux £m	Nordic+ £m	Eastern Europe & Other £m	Total £m
Revenue								
Total revenue	144.9	64.8	47.0	28.8	28.0	24.8	44.6	382.9
Inter company sales	(1.1)	(1.7)	(2.2)	(0.9)	(0.6)	(0.1)	(0.8)	(7.4)
Sales to external customers	143.8	63.1	44.8	27.9	27.4	24.7	43.8	375.5
Exchange effect								(9.9)
Total sales to external customers								365.6
Underlying operating profit ¹	6.1	3.5	1.4	2.5	1.7	–	2.3	17.5
Exchange effect								(0.3)
Total underlying operating profit								17.2
Amortisation of acquired intangibles								(2.1)
Acquisition related income/(costs)								0.7
Exceptional operating items								(3.6)
Operating profit								12.2
Net finance expense								(3.1)
Profit before tax								9.1
Tax								(2.4)
Profit for the period								6.7
Segment assets	120.6	39.0	41.0	25.6	24.8	21.6	40.0	312.6
Exchange effect								(13.2)
Total segment assets								299.4
Goodwill								105.5
Acquired intangibles								27.8
Cash and cash equivalents								8.8
Deferred tax								12.2
Total assets								453.7
Other segment items								
Capital expenditure	2.5	0.1	0.3	0.1	0.2	0.6	2.2	6.0
Exchange effect								(0.1)
Total capital expenditure ²								5.9
Amortisation and depreciation	(1.2)	(0.2)	(0.2)	(0.3)	(0.4)	(0.2)	(1.6)	(4.1)
Exchange effect								-
Total amortisation and depreciation ³								(4.1)

Notes to the consolidated interim financial information

2 Segmental analysis

Six months ended 30 June 2014

	UK £m	Germany £m	France £m	Spain £m	Benelux £m	Nordic+ £m	Eastern Europe & Other £m	Total £m
Revenue								
Total revenue	143.4	60.5	42.3	23.7	26.1	24.2	34.9	355.1
Inter company sales	(1.2)	(1.6)	(1.1)	(0.9)	(0.5)	–	(0.6)	(5.9)
Sales to external customers	142.2	58.9	41.2	22.8	25.6	24.2	34.3	349.2
Exchange effect								14.9
Total sales to external customers								364.1
Underlying operating profit ¹	8.2	3.6	1.6	2.2	1.3	1.3	2.0	20.2
Exchange effect								0.4
Total underlying operating profit								20.6
Amortisation of acquired intangibles								(0.6)
Acquisition related costs								(1.6)
Exceptional operating items								(3.7)
Operating profit								14.7
Net finance expense								(3.1)
Profit before tax								11.6
Tax								(2.9)
Profit for the period								8.7
Segment assets	104.5	32.2	35.4	21.5	20.7	16.7	47.7	278.7
Exchange effect								(6.9)
Total segment assets								285.6
Goodwill								129.5
Acquired intangibles								8.5
Cash and cash equivalents								10.6
Deferred tax								12.8
Total assets								447.0
Other segment items								
Capital expenditure	5.0	0.3	0.2	0.5	0.2	0.1	2.1	8.4
Exchange effect								–
Total capital expenditure ¹								8.4
Amortisation and depreciation	(1.5)	(0.2)	(0.3)	(0.3)	(0.4)	(0.2)	(1.4)	(4.3)
Exchange effect								(0.1)
Total amortisation and depreciation ³								(4.4)

1 Operating profit excluding the amortisation of acquired intangibles, acquisition related costs and exceptional items.

2 Capital expenditure comprises additions to other intangible assets and additions to property, plant and equipment.

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

+ The operating segment of Scandinavia was renamed as Nordic for management reporting with effect from 2015.

Acquisition related costs in the period were an income of £0.7 million (2014: cost of £1.6 million) following a £1.3 million reduction in the deferred consideration liability relating to the Lönne acquisition.

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 periods:

	30 June 2015	30 June 2014	31 December 2014
Management rate	€1.30	€1.25	€1.25
Actual average rate	€1.365	€1.220	€1.244
Balance sheet rate	€1.412	€1.249	€1.289

Notes to the consolidated interim financial information

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 2015 is 26.2% (the estimated tax rate for the first half year of 2014 was 25.0%).

4 Earnings per share

	Half year 2015		
	Earnings £m	Earnings per share Basic	Earnings per share Diluted
Weighted average number of shares in issue ('000)		129,404	132,688
Earnings			
Profit for the period	6.7	5.2p	5.0p
Amortisation of acquired intangibles ("amortisation") and acquisition related costs	1.4		
Exceptional items	3.6		
Tax on exceptional items	(0.9)		
Tax on amortisation and acquisition related costs	(0.3)		
Earnings before amortisation, acquisition related costs and exceptional items	10.5	8.1p	7.9p
			Half year 2014
	Earnings £m	Earnings per share Basic	Earnings per share Diluted
Weighted average number of shares in issue ('000)		121,771	125,408
Earnings			
Profit for the period	8.7	7.1p	6.9p
Amortisation of acquired intangibles ("amortisation") and acquisition related costs	2.2		
Exceptional items	3.7		
Tax on exceptional items	(0.9)		
Tax on amortisation and acquisition related costs	(0.5)		
Earnings before amortisation, acquisition related costs and exceptional items	13.2	10.8p	10.5p
			Full year 2014
	Earnings £m	Earnings per share Basic	Earnings per share Diluted
Weighted average number of shares in issue ('000)		125,554	128,943
Earnings			
Profit for the financial year	11.5	9.2p	8.9p
Amortisation of acquired intangibles ("amortisation") and acquisition related costs	4.8		
Impairment of goodwill	3.6		
Exceptional items (excluding impairment of goodwill)	9.0		
Tax on exceptional items	(2.1)		
Tax on amortisation and acquisition related costs	(0.8)		
Earnings before amortisation, acquisition related costs and exceptional items	26.0	20.7p	20.2p

5 Exceptional items

The exceptional charge of £3.6 million recognised in arriving at operating profit comprises headcount and related restructuring costs arising from a review of the Group's operating cost base in response to the challenging market conditions in which the Group operates, in order to optimise headcount and continue to realise operational benefits across the Group.

Exceptional items in the period ended 30 June 2014 and in the year ended 31 December 2014 comprised headcount and related restructuring costs arising from the proposed integration of the logistics and administrative functions of the Buck & Hickman business with the legacy Brammer UK business, together with restructuring costs arising as part of the integration process of acquisitions made during 2014.

Notes to the consolidated interim financial information

6 Intangible assets

	Goodwill £m	Acquired intangibles £m	Other – software development £m
Cost			
At 1 January 2015	121.9	32.6	33.5
Exchange adjustments	(8.0)	(1.5)	(0.8)
Additions	–	–	2.0
Fair value adjustments – prior year acquisitions	0.3	–	–
Reclassification of goodwill to acquired intangibles	(5.5)	7.1	–
At 30 June 2015	108.7	38.2	34.7
Amortisation			
At 1 January 2015	3.4	9.0	17.1
Exchange adjustments	(0.2)	(0.7)	(0.6)
Charge for the period	–	2.1	2.1
At 30 June 2015	3.2	10.4	18.6
Net book value			
At 30 June 2015	105.5	27.8	16.1
At 31 December 2014	118.5	23.6	16.4

The exercise to separately identify the intangible assets acquired in respect of acquisitions made in the second half of 2014 has been completed and the reclassification from goodwill has been reflected above. Provisional fair value adjustments relating to those acquisitions have also been identified and recognised above.

7 Property, plant and equipment

	Land and Buildings £m	Equipment £m	Total £m
Cost			
At 1 January 2015	20.4	48.2	68.6
Exchange adjustments	(0.6)	(1.8)	(2.4)
Additions	0.5	3.4	3.9
Fair value adjustments – prior year acquisitions	–	(0.6)	(0.6)
Disposals	(0.7)	(0.5)	(1.2)
At 30 June 2015	19.6	48.7	68.3
Depreciation			
At 1 January 2015	11.7	33.2	44.9
Exchange adjustments	(0.3)	(1.3)	(1.6)
Charge for the period	0.2	1.9	2.1
Fair value adjustments – prior year acquisitions	–	(0.5)	(0.5)
Disposals	–	(0.4)	(0.4)
At 30 June 2015	11.6	32.9	44.5
Net book value			
At 30 June 2015	8.0	15.8	23.8
At 31 December 2014	8.7	15.0	23.7

Contracted commitments for future capital expenditure totaling £0.4 million are in place as at 30 June 2015.

Notes to the consolidated interim financial information

8 Closing net debt

	At 30 June 2015 £m	At 30 June 2014 £m	At 31 Dec 2014 £m
Borrowings – current – overdrafts	–	(0.7)	(0.3)
Borrowings – current portion of long term loans	(2.9)	(3.3)	(3.3)
Borrowings – non-current	(96.7)	(75.8)	(92.7)
Cash and cash equivalents	8.8	10.6	11.0
Closing net debt	(90.8)	(69.2)	(85.3)

Reconciliation of net cash flow to movement in net debt

	6 months to 30 June 2015 £m	6 months to 30 June 2014 £m	Year to 31 Dec 2014 £m
Net decrease in cash and cash equivalents	(1.4)	(7.1)	(5.9)
Net increase in borrowings	(10.5)	(1.2)	(14.3)
	(11.9)	(8.3)	(20.2)
Loans taken on as part of businesses acquired	–	(10.0)	(16.7)
Exchange	6.4	2.0	4.5
Movement in net debt	(5.5)	(16.3)	(32.4)
Opening net debt	(85.3)	(52.9)	(52.9)
Closing net debt	(90.8)	(69.2)	(85.3)

During the period the Group supplemented its existing borrowing facilities with additional long-term funding raised by the issue in January 2015 of €30 million (£22.0 million) of private placement notes. These private placement notes were issued under a private shelf facility with a ten year term, are unsecured, bear interest at a fixed rate and mature in January 2025.

For some years the Group has had syndicated term bank facilities in place. At December 2014 these provided a total borrowing capacity of €100.0 million – a facility which was due to expire in June 2016. During April the Group signed new banking facilities for a five year term which will provide a €120.0 million (£85.0 million) committed facility with a further uncommitted facility of €20 million. This secures the necessary funding for Brammer for the future on acceptable and reasonable terms, and the company is pleased that the arrangements have been completed well ahead of the 2016 expiry date.

Financial risk management and Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange price risk), credit risk, liquidity risk, cash flow and interest rate risk. The interim financial information does not include all financial risk management information and disclosures required in annual financial statements; they should be read in conjunction with the Group's 2014 Annual Report. There have been no changes in the risk management process or in any risk management policies since the year end.

Derivative financial liabilities

Level 2 hedging derivatives comprise the fair value of interest rate swaps used for hedging the Group's interest rate risk. The fair values are estimated by discounting expected future contractual cash flows using prevailing interest rates and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet date. These financial instruments are included on the balance sheet at fair value, derived from observable market prices (Level 2 as defined by IFRS7 Financial Instruments: Disclosures). There were no transfers between Levels 1 and 2 during the period, and there were no changes in valuation techniques during the period.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- > trade and other receivables
- > cash and cash equivalents
- > trade and other payables

Notes to the consolidated interim financial information

9 Provisions

	Restructuring £m	Property £m	Total £m
At 1 January 2015	1.4	2.2	3.6
Charged to the income statement	3.4	–	3.4
Utilised in the period	(3.0)	(1.1)	(4.1)
At 30 June 2015	1.8	1.1	2.9

The restructuring provision is expected to be fully utilised within one year. Property obligations provision comprises an onerous lease provision related to the closure in 2014 of the Buck & Hickman National Distribution warehouse in Coventry which was vacated as part of the final phase of integrating the Buck & Hickman business. This property provision is expected to be fully utilised within one year.

10 Pensions

The valuations used for IAS 19 disclosures for the UK scheme have been based on the most recent actuarial valuation at 31 December 2011 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 2015. Assets are stated at their market value at 30 June 2015.

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

	UK scheme		
	6 months to 30 June 2015	6 months to 30 June 2014	Year to 31 Dec 2014
Inflation rate	3.40%	3.45%	3.20%
Rate of increase of pensions in payment	3.20%	3.45%	3.00%
Rate of increase for deferred pensioners	2.60%	2.65%	2.40%
Discount rate	3.80%	4.25%	3.60%

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

	30 June 2015 £m	30 June 2014 £m	31 Dec 2014 £m
Present value of defined benefit obligations	162.5	146.5	162.9
Fair value of plan assets	(127.8)	(115.7)	(124.3)
Net liability recognised in the balance sheet	34.7	30.8	38.6

The amounts recognised in the income statement are as follows:

	6 months to 30 June 2015 £m	6 months to 30 June 2014 £m	Year to 31 Dec 2014 £m
Current service cost	0.4	0.2	0.6
Scheme administration expenses	0.2	0.2	0.4
Operating costs (included in distribution costs)	0.6	0.4	1.0
Net interest on defined benefit liability	0.6	0.6	1.1
Total pension expense	1.2	1.0	2.1

Analysis of the movement in the balance sheet net liability

	6 months to 30 June 2015 £m	6 months to 30 June 2014 £m	Year to 31 Dec 2014 £m
Opening	38.6	27.8	27.8
Total on-going expense as above	1.2	1.0	2.1
Employer contributions	(1.9)	(1.8)	(3.7)
Actuarial (gains)/losses recognised as a reserves movement	(3.0)	3.8	12.5
Exchange adjustment	(0.2)	–	(0.1)
Closing	34.7	30.8	38.6

The retirement benefit liability at the end of June was £34.7 million (2014: £30.8 million), a net decrease of £3.9 million from 31 December 2014 (£38.6 million). This reduction comprises actuarial gains of £3.0 million, £1.9 million of employers' contributions and £0.2 million of exchange movements, less £1.2 million expense for the current period.

Notes to the consolidated interim financial information

11 Share capital and reserves

Purchase of own shares

During the period the company acquired 446,594 of its own shares of 20p each through the Brammer plc Employee Share Ownership Trust ("the Trust") for an aggregate consideration of £1,745,000 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 103,948 shares were transferred to directors and senior managers to meet vestings under these plans.

At 30 June 2015 the Trust held a total 530,702 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

The number of ordinary 20p shares in issue at 30 June 2015 was 129,404,481 (30 June 2014: 129,304,481; 31 December 2014: 129,404,481).

Dividends

The final dividend for the year ended 31 December 2014, amounting to £9,150,000, was approved by shareholders at the Annual General Meeting on 15 May 2015 and was paid on 2 July 2015 (2014: £8,790,000). In addition, the directors propose an interim dividend of 3.6p per share (2014: 3.6p per share) payable on 5 November 2015 to shareholders who are on the register at 9 October 2015. This interim dividend, amounting to £4,658,000 (2014: £4,655,000) has not been recognised as a liability in these interim financial statements.

12 Related party transactions

The remuneration of executive and non-executive directors will be disclosed in the Group's Annual Report for the year ending 31 December 2015.

In addition, during the period the Group made sales totalling £0.1 million (2014: £0.1 million) to various European subsidiaries within the Armstrong World Industries group of companies, a company in which Charles Irving-Swift was an Executive Director within the European Flooring operations.

13 Interim report

A copy of the interim report is available for inspection at the registered office of the company, St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD and the offices of Hudson Sandler Limited, 29 Cloth Fair, London EC1A 7NN.

Current regulations permit the company not to send copies of its interim results to shareholders. Accordingly the 2015 interim results published on 28 July 2015 will not be sent to shareholders. The 2015 interim results and other information about Brammer are available on the company's website at www.brammer.biz.

14 Interim dividend

Relevant dates concerning the payment of the interim dividend are:

- > Record date 9 October 2015
- > Payment date 5 November 2015

Brammer, its advisers and principal subsidiaries

Directors and officers

Bill Whiteley

Non-executive chairman

Ian Fraser

Chief executive

Paul Thwaite

Finance director

Charles Irving-Swift

Independent non-executive director

Duncan Magrath

Senior independent non-executive director

Andrea Abt

Independent non-executive director

Steve Hodgkinson

Company secretary

Registered office

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Shareholder information

If you require any information about your shareholding please contact the company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA telephone 0871 3842215. Calls to this number cost 8p per minute plus network extras. Lines are open from 8.30am to 5.30pm, Monday to Friday. For overseas callers the number to call is +44 (0)121 4157047.

The registrar has introduced a service for shareholders which gives them on-line internet access to their shareholding. To register please go to www.shareview.co.uk. You will need your shareholder account number and you will be asked to select your own PIN. If you have any further questions about this service please contact Equiniti on the above number.

Our website

You can find out further information about Brammer plc and view company announcements on the Brammer website at www.brammer.biz.

ShareGift scheme

Some shareholders find themselves owning a very small number of shares that would cost them more to dispose of than they are worth. They bring with them a tax liability and unwanted documentation.

The ShareGift scheme is a registered charity run by The Orr Mackintosh Foundation. Any shares donated to the ShareGift scheme are transferred into the name of The Orr Mackintosh Foundation, the shares are sold where possible and the proceeds are donated to charity.

If you would like further information on the ShareGift Scheme please call 020 7930 3737 or visit its website at www.sharegift.org.

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