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**Braemar Shipping Services plc**

Interim Report 2011

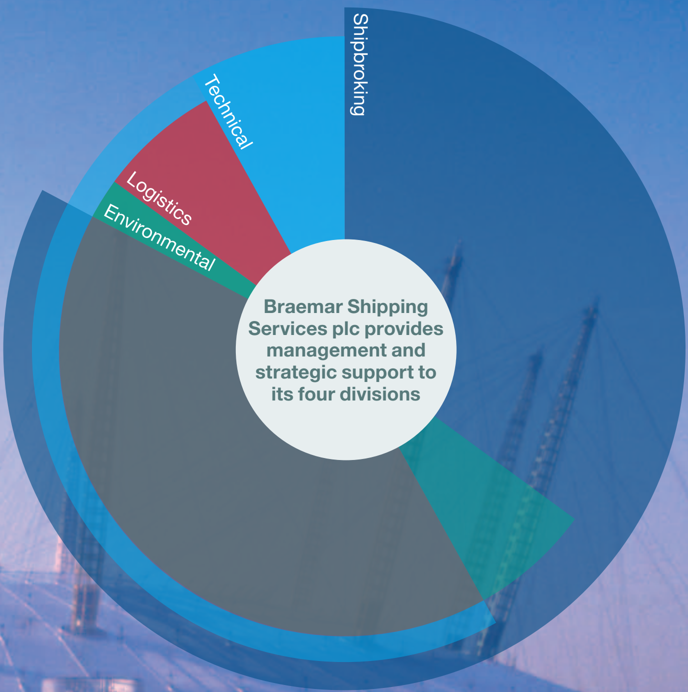
Shipbroking + Technical + Logistics + Environmental

**The Group is divided into four operating divisions: Shipbroking, Technical, Logistics and Environmental. These work together to offer a unique combination of skills for clients, at any time, anywhere in the world.**

**We recognise that the needs of our clients are ever-changing and our aim is to provide a skilled and professional workforce to address those needs.**

**We will continue to develop our worldwide presence to meet the challenges of our international market place.**

## Four complementary divisions




### Shipbroking

+ Tanker chartering – crude oil, clean products, LPG, LNG, chemicals
+ Dry bulk chartering
+ Ship valuations
+ LPG trading
+ LNG consultancy
+ Offshore – chartering and sale and purchase
+ Containers – chartering and sale and purchase
+ Sale and purchase – second-hand, newbuilding, demolition

### Technical

+ Warranty survey services
+ Energy loss adjusting
+ Hull and machinery surveys
+ Marine engineering and naval architecture
+ Marine consultancy
+ Vessel and condition surveys
+ Ship construction supervision
+ Failure mode and effect analysis
+ Marine cargo surveys
+ DP Audits
+ Shipyard risk assessments
+ Towage approvals

### Logistics

+ Port and liner agency
+ Ship-to-ship transfers
+ Hub agency
+ Customs clearance
+ Supply chain management
+ Freight forwarding
+ Project cargoes
+ Cruise ship support
+ Recycling

### Environmental

+ Pollution control
+ Incident response
+ Salvage services
+ Marine and port services
+ Accredited training and environmental consultancy
+ Crisis management and emergency response advisers
+ Industrial services and tank cleaning technologies
+ MARPOL waste reception facilities
+ Airport services
+ Forensic science services
+ Response facility management

Cover image: Cory Logistics arranged the transportation of parts for an LNG Terminal.

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For more information:
www.braemarplc.com



# Financial highlights

**Revenue from continuing operations**

£61.5m

Interim 2010/11: £67.6m

**Earnings per share before amortisation and non-recurring income**

16.76p

Interim 2010/11: 28.79p

**Pre-tax profit**

£5.0m

Interim 2010/11: £7.2m

**Interim dividend of 9.0p per share unchanged**

9.0p

Interim 2010/11: 9.0p

**Pre-tax profit before amortisation and non-recurring income**

£4.8m

Interim 2010/11: £8.0m

**Cash of £9.3m and no debt**

£9.3m

31 August 2010: £14.8m

**Basic earnings per share**

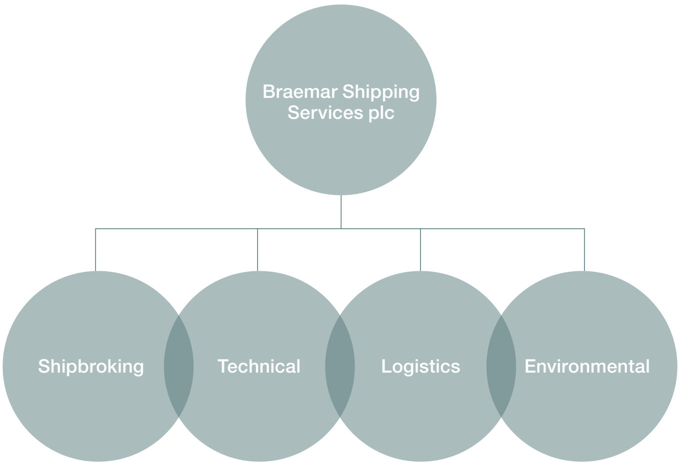
17.60p

Interim 2010/11: 25.99p

# Chairman's statement

**Sir Graham Hearne CBE**
Chairman

**Maximising opportunities**
We endeavour to meet our clients' requirements through the complementary skills across our four divisions.




Shipping markets are experiencing a period of progressive weakness which has affected the performance of the Group in the first half. Group revenues were £61.5 million compared with £67.6 million last year and pre-tax profits were £5.0 million (interim 2010/11: £7.2 million), inclusive of a non-recurring gain of £1.0 million, recognised because the purchase of the business BMT Marine and Offshore Surveys Limited cost less than the fair value of the assets acquired. Earnings per share before amortisation and non-recurring gain were 16.76 pence compared with 28.79 pence in the first half of last year. Reported earnings per share were 17.60 pence (interim 2010/11: 25.99 pence).

The delivery of new tonnage has, in most sectors, far outweighed the growth in demand and driven down freight rates. The continued and growing demand for raw materials and oil from the Far East has seen a healthy level of chartering activity in both the wet and dry spot markets and our transaction numbers are generally higher, assisted by our growing presence in Singapore. However, any volume improvement has not compensated for the decline in average freight rate levels.

The sale and purchase market is susceptible to quieter periods while buyers and sellers revise their views on vessel values and the lack of availability of bank finance remains a constraint. Not surprisingly, the mix of our sale and purchase activity has shifted towards demolition during this period. We also experienced some slippage of deliveries into the second half and next year. However, we are well-placed for when the cycle turns and cash buyers emerge.

We have made progress with our strategy of diversifying our marine interests into areas which are less geared to the shipping market cycle and in the first half these businesses have contributed more than a third of the Group's profit before amortisation and unallocated costs. In May we acquired the business and certain assets of BMT Marine and Offshore Surveys Limited from the administrator for £2.4 million in cash. The business now trades under the Braemar name (incorporating the Salvage Association) providing hull and machinery, P&I and marine warranty survey services around the globe. Clients operate primarily in the insurance, shipping and offshore industries. In July we acquired the business and certain assets of Casbarian Engineering Associates Inc which provides specialist engineering services primarily to the offshore industry. These businesses form part of our Technical division and we are integrating them with our other businesses under the brand name Braemar Technical Services.

The Logistics Division has performed well this year with improved profitability in challenging markets, mostly due to new business that has been secured. We expect this improvement to continue into the Olympic year in 2012.

Braemar Howells – our Environmental Services business – has had a steady first half operating in a tough economic environment. However, they have recently been appointed for work connected with the stranded container vessel the 'RENA' in New Zealand. Their role will be similar to the work undertaken on the 'MSC NAPOLI' in 2007 and is in recognition of their expertise in this field. It is pleasing to note that the team attending in New Zealand draws upon personnel in other divisions and underlines the broad-ranging skills now employed within the group.

The Board has declared an unchanged interim dividend of 9.0 pence. The interim dividend will be paid on Wednesday 14 December 2011 to shareholders on the register at the close of business on Friday 25 November 2011.

In the light of the difficult conditions in the shipping market, we are taking measures to reduce costs, the full effect of which will not be felt until next year. These measures, combined with the capability of our non-broking businesses to make a greater overall contribution, give us confidence in the Group's resilience and we expect an improvement in the second half performance relative to the first half.

**Sir Graham Hearne CBE**
Chairman
24 October 2011

# Chief Executive's review of activities

**Alan Marsh FICS**
Chief Executive

Shipbroking 2011 Highlights

**Although commissions on average are lower than the previous half, our transaction numbers in the period have been strong, particularly in the Australian and Indian offices.**

Technical 2011 Highlights

**We are now bringing all our technical businesses together under the brand name Braemar Technical Services.**

Logistics 2011 Highlight

**All the key areas of import, export and airfreight forwarding performed well with significant activity from key project clients. The pipeline of business in the second half is promising and testament to the strong client base built up in the logistics business.**

Environmental 2011 Highlight

**Our international operations are beginning to show good growth in the provision of crisis management and incident response support, particularly for customers in West Africa and Indonesia. The Company's recent appointment in respect of the 'RENA', should result in an improved second half.**

## Shipbroking

Braemar Seascope

| Revenue | Operating profit |
|---|---|
| £24.0m | £3.5m |

Revenue was £24.0 million in the first half compared with £32.0 million last year and operating profit before amortisation was £3.5 million compared with £7.5 million last year. Shipbroking represented 61% of the operating profit before amortisation, a non-recurring gain and unallocated costs, compared with 82% last year.

The newbuilding delivery programme has significantly affected the dry bulk market this year. There will be in the region of 80 million tonnes of newbuilding delivered during 2011 and only 30 million tonnes scrapped. Despite this, cargo demand has been relatively strong with China remaining the main importer of the high grade ore from Brazil and Australia, and our transaction numbers have been firm against this backdrop. The Baltic Dry Index was 1,262 at the beginning of March and 1,619 at the end of August averaging 1,399 over the period which compares with an average of 2,902 during the first half of last year. Most of the volatility was in the Cape sector with the average daily earnings per ship at the beginning of March being US$4,591 rising to US$19,610 by the end of August, partly due to the recovery in steam coal exports from Queensland following the floods at the beginning of the year. While tonnage supply will inevitably inhibit ongoing improvement, demand continues to be reasonably healthy. Load port bottlenecks and new projects, especially in the mining sector are expected to come on stream over the next two to three years, adding cargo volume. Although commissions on average are lower than the previous half, our transaction numbers in the period have been strong particularly in the Australian and Indian offices. Since the end of the half, the dry market has firmed quite considerably with strong Chinese demand for coal and iron ore and the return of port congestion, and on 24 October the BDI stood at 2,153.

Demand for crude oil continues to grow and with escalating volumes being transported, in particular to China and India, we have also seen our transaction numbers in the large crude segment increase. Transaction levels with our clients in the Western hemisphere have increased and with the higher volume of oil now flowing from the Baltic area our chartering clients are becoming more active. However, the continuing supply of new tonnage has kept the charter rates low which in turn impacts commission values. The Baltic Dirty Index was 965 at the beginning of March and 679 at the end of August, averaging 806 over the six months (prior half average: 893). On 24 October it stood at 849. The refined products market has been moderately busy and we are pleased to report that our newly formed tanker broking desk in Singapore is successfully developing new streams of business in the Asian region. Like the crude markets, the product market is also oversupplied with new tonnage and although our transaction numbers have grown, the rates have also remained low. Time chartering tonnage on a low market is in the charterers' interests and we have had several enquiries which we are developing. Owners are naturally reluctant to commit their tonnage at low levels but we are still involved with owners' strategic decisions and expect our project team to remain busy.

# Chief Executive's review of activities
continued

In the specialised petrochemical divisions we have added further contracts of affreightment as well as extending several existing contracts. The markets in LPG and LNG have improved as the requirement for tonnage has increased with the higher demand for cleaner fuel.

The LNG market has now absorbed the excess tonnage that had been underutilised over the past few years and the demand for transportation in the short to medium term is strong. We have been involved in several good fixtures and continue to work on longer-term projects both in consultancy and broking.

After the end of the first half we closed the unprofitable freight futures broking desk. The wet futures market proved to be particularly difficult with little prospect of any improvement in the near term.

The sale and purchase market was subdued for most of the half with the lack of benchmark transactions in the market leaving serious buyers and sellers often apart on price, and vessel values continuing to slide. In addition, the availability of bank finance limits new investment for some owners. Our newbuilding deliveries have for the most part taken place as expected, although there have been a few that have slipped to later periods. Our demolition business has been firm, assisted by the high price of steel and the increasing inability of older ships to trade profitably.

The container market began 2011 quite brightly after the recovery experienced in 2010. However, the past few months have seen a tail off in activity which, for the most part, is geared to the weaker economic outlook in Europe and the US. The lack of confidence in the charter market has undermined vessel values and few second-hand sales have taken place.

Our offshore desk has maintained a solid base of earnings across all revenue streams in an indifferent market. Activity in the Far East continues to grow and we are actively expanding our presence in that market. The long-term outlook is positive, driven by an expected increase in E&P activity. In addition, the growth in servicing wind farm projects is beginning to provide another source of income.

## Technical

Braemar Falconer
Braemar Steege
Braemar SA
Wavespec
Casbarian

| **Revenue** | **Operating profit** |
|---|---|
| £15.5m | £1.1m |

Revenue in the first half increased to £15.5 million from £12.5 million last year and the segmental profit before amortisation and a non-recurring gain was £1.1 million, 22% higher than last year.

The business and assets of BMT Marine and Offshore Surveys Ltd were acquired on 9 May 2011 and the business is now trading as Braemar (incorporating The Salvage Association), or 'Braemar SA'. In the period since acquisition the business has performed in line with financial expectations. Synergies with other Braemar companies are beginning to be realised, as are opportunities to reduce overheads through shared back office services and the potential to locate surveyors within other existing Braemar offices where we can expand our global network. The acquisition of Braemar SA added £3.6 million to revenue during the half and £1.2 million to the segment result before amortisation inclusive of the non-recurring gain of £1.0 million. This arose because the fair value of the net assets acquired exceeded the cash price paid.

On July 15, 2011 we acquired the business of Casbarian Engineering Associates LLC for US$75,000 and a two-year profit related earn-out capped at US$3.5 million. The business is based in the United States and Trinidad and we expect its offshore engineering skills to be put to good use working alongside our team in the Far East. Its contribution to the half was not material.

We are now bringing all our technical businesses together under the brand name Braemar Technical Services. The four principal business service lines which we will now offer around the globe are:

**Marine** – mainly hull and machinery damage surveys and marine consultancy work;

**Offshore** – predominantly marine warranty surveys to the offshore (oil and gas) industry;

**Engineering** – design, plan approval, site supervision for ship construction;

**Loss adjusting** – energy loss adjusting and expert witness work.

Revenue in the first half from the offshore business increased by 10% with activity higher than last year. Our offices in Singapore, Malaysia and India have performed well due to more marine warranty surveying contracts from oil majors. We expect to see a better performance in offshore and engineering in the second half, driven by the ongoing projects and those in the pipeline.

Energy loss adjusting continued to operate in a period of low reported claims frequency, with incidents exceeding US$1,000,000 in value during 2010/11 being one third in number compared to the previous ten year annual average. Despite this, offices in Calgary and Singapore have performed well and income in London is well supplemented by legal expert witness work. September has seen a significant influx of new instructions in Houston, and we are cautiously optimistic that the claims cycle may have turned, as post Macondo activity ramps up.

## Logistics
Cory Brothers

| Revenue | Operating profit |
|---|---|
| £19.7m | £1.1m |

Cory Brothers had a good first half with revenues increasing to £19.7 million from £19.1 million in the prior half and operating profits before amortisation rose to £1.1 million (2009/10: £0.8 million). All the key areas of import, export and airfreight forwarding performed well with significant activity from key project clients. The pipeline of business in the second half is promising and testament to the strong client base built up in the logistics business. Ship agency has remained stable and has gained market share in an otherwise depressed UK market and the Singapore office has continued to gain from the high level of shipping activity in the region. The cruise tour excursions business saw further increases in port calls and passenger take-up throughout the summer season and we have already taken significant bookings for the RiverThames moorings during the London Olympics which will enhance 2012 revenues.

## Environmental
Braemar Howells

| Revenue | Operating profit |
|---|---|
| £2.3m | £0.1m |

There were no large spill incidents during the first half which meant that revenues of £2.3 million were made up of routine contract work, training and consulting work. Spending controls have reduced the level of UK business received from various government agencies. However, our international operations are beginning to show good growth in the provision of crisis management and incident response support, particularly for customers in West Africa and Indonesia. The Company's recent appointment in respect of the 'RENA', should result in an improved second half.

### Principal risks
The Directors consider that the principal risks and uncertainties which could have a material effect on the Group's performance in the second half of the year are unchanged from those identified on page 25 of the 2011 Annual Report. These include operational risks occurring as a result of changes in freight rates and vessel values or activity levels in the shipping market, ineffective internal systems or controls, staff departures, professional errors and/or omissions (for which the Group carries insurance) and the failure of support services such as communications systems and public utilities; foreign exchange risk from fluctuations in the US dollar to sterling exchange rate; liquidity risk arising from funding requirements; and credit risk in the form of non-payment of invoices.

### Treasury
The majority of the Group's income is US$ denominated and the average rate of exchange for conversion of US$ income in the six months to 31 August 2011 was US$1.61/£ (interim 2010/11: US$1.54/£, full year 2010/11: US$1.57/£). The rate of translation as at 31 August 2011 was US$1.63/£. The half-on-half translation impact of the dollar was not significant and the Group holds forward contracts for $11 million at an average rate US$1.59/£ in respect of second half cash flows. Over a full year the approximate effect on shipbroking revenue of a 5 cent swing in the average US$/£ rate of translation (assuming no hedging) is £1.4 million.

### Taxation
The effective underlying rate of tax was 28.6% (interim 2010/11: 26.7%). The rate is higher than the UK standard rate of tax due to disallowed expenses and higher than the previous interim due to the release of prior year overprovisions last year.

### Cash flow and acquisitions
Cash balances were £9.3 million at 31 August 2011 compared with cash of £14.8 million at 31 August 2010 and £25.6 million as at 28 February 2011. The Group normally generates most of its annual cash flow in the second half of the year with the first half reduction mainly due to the payment of the annual staff bonus and the full year dividend from the prior year. Acquisition payments totalling £2.7 million were mainly in respect of Braemar Technical Services and Casbarian. The Company also spent £1.0 million purchasing its own shares to be used in conjunction with staff incentive schemes.

**Alan Marsh FICS**
Chief Executive
24 October 2011

### Statement of Directors' responsibilities
The Directors confirm, to the best of their knowledge, that this set of consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency rules of the United Kingdom's Financial Securities Authority.

The Directors of Braemar Shipping Services plc are listed in the Braemar Shipping Services plc Annual Report for 28 February 2011.

By order of the Board

| | |
|---|---|
| **Alan Marsh FICS** | **James Kidwell FCA** |
| Chief Executive | Group Finance Director |

24 October 2011

# Braemar Shipping Services plc
## Consolidated income statement

| Continuing operations | Notes | Unaudited Six months to 31 Aug 2011 £'000 | Unaudited Six months to 31 Aug 2010 £'000 | Audited Year ended 28 Feb 2011 £'000 |
|---|---|---|---|---|
| **Revenue** | 4 | **61,521** | 67,591 | 126,135 |
| Cost of sales | | **(15,685)** | (18,160) | (29,897) |
| Gross profit | | **45,836** | 49,431 | 96,238 |
| Operating costs | | | | |
| Operating costs excluding amortisation | | **(41,176)** | (41,572) | (81,744) |
| Acquisition related income | 11 | **991** | – | – |
| Amortisation of intangible assets | | **(760)** | (788) | (1,565) |
| | | **(40,945)** | (42,360) | (83,309) |
| **Operating profit** | 4 | **4,891** | 7,071 | 12,929 |
| Finance income | | **46** | 37 | 177 |
| Finance costs | | **(10)** | (7) | (14) |
| Share of profit after tax from joint ventures | | **102** | 113 | 103 |
| **Profit before taxation** | | **5,029** | 7,214 | 13,195 |
| Taxation | 5 | **(1,441)** | (1,928) | (3,378) |
| **Profit for the period** | | **3,588** | 5,286 | 9,817 |
| Attributable to: | | | | |
| Equity holders of the parent | | **3,555** | 5,259 | 9,802 |
| Minority interest | | **33** | 27 | 15 |
| **Profit for the period** | | **3,588** | 5,286 | 9,817 |
| **Earnings per ordinary share** | 6 | | | |
| Basic – pence | | **17.60p** | 25.99p | 48.41p |
| Diluted – pence | | **17.26p** | 25.51p | 47.43p |

## Consolidated statement of comprehensive income

| | Unaudited Six months to 31 Aug 2011 £'000 | Unaudited Six months to 31 Aug 2010 £'000 | Audited Year ended 28 Feb 2011 £'000 |
|---|---|---|---|
| **Profit for the period** | **3,588** | 5,286 | 9,817 |
| **Other comprehensive income/(expense)** | | | |
| Foreign exchange differences on retranslation of foreign operations | **536** | (87) | 977 |
| Cash flow hedges – net of tax | **(83)** | 53 | (179) |
| **Total comprehensive income for the period** | **4,041** | 5,252 | 10,615 |
| Attributable to: | | | |
| Equity holders of the parent | **4,008** | 5,225 | 10,600 |
| Minority interest | **33** | 27 | 15 |
| **Total comprehensive income for the period** | **4,041** | 5,252 | 10,615 |

# Braemar Shipping Services plc
## Consolidated balance sheet



| Assets | Notes | Unaudited As at 31 Aug 2011 £'000 | Unaudited As at 31 Aug 2010 £'000 | Audited As at 28 Feb 2011 £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | | **30,200** | 28,588 | 30,006 |
| Other intangible assets | | **3,221** | 3,457 | 2,777 |
| Property, plant and equipment | | **6,750** | 6,648 | 6,813 |
| Investments | | **1,746** | 1,609 | 1,694 |
| Deferred tax assets | | **1,650** | 1,340 | 1,797 |
| Other receivables | | **236** | 290 | 238 |
| | | **43,803** | 41,932 | 43,325 |
| **Current assets** | | | | |
| Trade and other receivables | | **43,731** | 41,561 | 40,741 |
| Derivative financial instruments | | **154** | – | 314 |
| Cash and cash equivalents | | **9,295** | 14,821 | 25,634 |
| | | **53,180** | 56,382 | 66,689 |
| **Total assets** | | **96,983** | 98,314 | 110,014 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | | **28,704** | 31,876 | 41,062 |
| Current tax payable | | **1,579** | 2,726 | 2,379 |
| Provisions | | **305** | 272 | 267 |
| | | **30,588** | 34,874 | 43,708 |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | | **975** | 1,817 | 1,271 |
| Other payables | | **550** | – | – |
| Provisions | | **228** | 203 | 217 |
| | | **1,753** | 2,020 | 1,488 |
| **Total liabilities** | | **32,341** | 36,894 | 45,196 |
| **Net assets** | | **64,642** | 61,420 | 64,818 |
| **Equity** | | | | |
| Share capital | 9 | **2,110** | 2,109 | 2,110 |
| Share premium | 9 | **11,080** | 11,019 | 11,077 |
| Shares to be issued | | **(4,071)** | (2,998) | (3,275) |
| Other reserves | 10 | **26,776** | 25,491 | 26,323 |
| Retained earnings | | **28,555** | 25,628 | 28,424 |
| **Total shareholders' equity** | | **64,450** | 61,249 | 64,659 |
| Minority interest | | **192** | 171 | 159 |
| **Total equity** | | **64,642** | 61,420 | 64,818 |

# Braemar Shipping Services plc
## Consolidated cash flow statement

| | Notes | Unaudited Six months 31 Aug 2011 £'000 | Unaudited Six months 31 Aug 2010 £'000 | Audited Year ended 28 Feb 2011 £'000 |
|---|---|---|---|---|
| Profit before tax for the period | | **5,029** | 7,214 | 13,195 |
| Adjustments for: | | | | |
| – Depreciation | | **619** | 582 | 1,202 |
| – Amortisation | | **760** | 788 | 1,565 |
| – Loss on sale of property, plant and equipment | | **–** | – | (20) |
| – Acquisition related income | 11 | **(991)** | – | – |
| – Finance income | | **(46)** | (37) | (177) |
| – Finance expense | | **10** | 7 | 14 |
| – Share of profit of joint ventures | | **(102)** | (113) | (103) |
| – Share based payments | | **204** | 370 | 829 |
| Financial instruments | | **–** | (343) | (714) |
| Changes in working capital | | | | |
| – Trade and other receivables | | **900** | (4,292) | (4,395) |
| – Trade and other payables | | **(13,142)** | (9,227) | 854 |
| Provisions | | **(5)** | 33 | 30 |
| **Cash generated from operations** | | **(6,764)** | (5,018) | 12,280 |
| Interest received | | **71** | 37 | 177 |
| Interest paid | | **(35)** | (7) | (14) |
| Tax paid | | **(2,368)** | (2,715) | (5,164) |
| **Net cash generated from/(used in) operating activities** | | **(9,096)** | (7,703) | 7,279 |
| **Cash flows from investing activities** | | | | |
| Dividends from joint ventures | | **74** | – | – |
| Acquisition of subsidiaries, net of cash acquired | 11 | **(2,711)** | (1,066) | (1,293) |
| Purchase of property, plant and equipment | 8 | **(336)** | (717) | (1,549) |
| Proceeds from sale of property, plant and equipment | | **–** | – | 43 |
| Purchase of investments | | **–** | – | (94) |
| Other long-term receivables | | **2** | (121) | (69) |
| **Net cash used in investing activities** | | **(2,971)** | (1,904) | (2,962) |
| **Cash flows from financing activities** | | | | |
| Proceeds from issue of ordinary shares | | **3** | 6 | 65 |
| Dividends paid | 7 | **(3,421)** | (3,293) | (5,110) |
| Purchase of own shares | | **(1,004)** | (42) | (916) |
| **Net cash used in financing activities** | | **(4,422)** | (3,329) | (5,961) |
| Decrease in cash and cash equivalents | | **(16,489)** | (12,936) | (1,644) |
| Cash and cash equivalents at beginning of the period | | **25,634** | 27,930 | 27,930 |
| Foreign exchange differences | | **150** | (173) | (652) |
| **Cash and cash equivalents at end of the period** | | **9,295** | 14,821 | 25,634 |

# Braemar Shipping Services plc
## Consolidated statement of changes in equity

| | Notes | Share capital £'000 | Share premium £'000 | Shares to be issued £'000 | Other reserves £'000 | Retained earnings £'000 | Total £'000 | Minority interest £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 March 2011** | | 2,110 | 11,077 | (3,275) | 26,323 | 28,424 | 64,659 | 159 | 64,818 |
| Cash flow hedges – net of tax | | – | – | – | (83) | – | (83) | – | (83) |
| Exchange differences | | – | – | – | 536 | – | 536 | – | 536 |
| Amounts recognised directly in the statement of comprehensive income | | – | – | – | 453 | – | 453 | – | 453 |
| Profit for the period | | – | – | – | – | 3,555 | 3,555 | 33 | 3,588 |
| Total income for the period | | – | – | – | 453 | 3,555 | 4,008 | 33 | 4,041 |
| Dividends paid | 7 | – | – | – | – | (3,421) | (3,421) | – | (3,421) |
| Issue of shares | | – | 3 | – | – | – | 3 | – | 3 |
| Purchase of shares | | – | – | (1,004) | – | – | (1,004) | – | (1,004) |
| ESOP shares allocated | | – | – | 208 | – | (208) | – | – | – |
| Share option schemes | | – | – | – | – | 205 | 205 | – | 205 |
| **Balance at 31 August 2011** | | **2,110** | **11,080** | **(4,071)** | **26,776** | **28,555** | **64,450** | **192** | **64,642** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 March 2010** | | 2,108 | 11,014 | (3,198) | 25,525 | 23,534 | 58,983 | 144 | 59,127 |
| Cash flow hedges – net of tax | | – | – | – | 53 | – | 53 | – | 53 |
| Exchange differences | | – | – | – | (87) | – | (87) | – | (87) |
| Amounts recognised directly in the statement of comprehensive income | | – | – | – | (34) | – | (34) | – | (34) |
| Profit for the period | | – | – | – | – | 5,259 | 5,259 | 27 | 5,286 |
| Total income for the period | | – | – | – | (34) | 5,259 | 5,225 | 27 | 5,252 |
| Dividends paid | 7 | – | – | – | – | (3,293) | (3,293) | – | (3,293) |
| Issue of shares | | 1 | 5 | – | – | – | 6 | – | 6 |
| Purchase of shares | | – | – | (42) | – | – | (42) | – | (42) |
| ESOP shares allocated | | – | – | 242 | – | (242) | – | – | – |
| Share option schemes | | – | – | – | – | 370 | 370 | – | 370 |
| **Balance at 31 August 2010** | | **2,109** | **11,019** | **(2,998)** | **25,491** | **25,628** | **61,249** | **171** | **61,420** |

# Braemar Shipping Services plc
## Unaudited notes to the financial information for the six months ended 31 August 2011

### 1 General information
The interim consolidated financial statements of the Group for the period ended 31 August 2011 were authorised for issue in accordance with a resolution of the directors on 24 October 2011. Braemar Shipping Services plc is a Public Limited Company incorporated and domiciled in England and Wales.

The term 'Company' refers to Braemar Shipping Services plc and 'Group' refers to the Company and all its subsidiary undertakings and the employee share ownership trust. The address of its registered office is 35 Cosway Street, London NW1 5BT.

These interim condensed consolidated financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The audited statutory accounts for the year ended 28 February 2011 have been delivered to the Registrar of Companies in England and Wales. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements under Section 498 of the Companies Act 2006.

#### Forward-looking statements
Certain statements in this half-yearly report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

### 2 Basis of preparation and statement of compliance
This consolidated interim financial information for the half-year ended 31 August 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 European Union. The half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 28 February 2011, which have been prepared in accordance with IFRSs as adopted by the European Union.

### 3 Accounting policies
#### Changes in accounting policies
The accounting policies adopted in the preparation of these interim consolidated financial statements are consistent with those of the annual financial statements for the year ended 28 February 2011, as included in those annual financial statements, except as described below.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 March 2011 and have been applied to the Group:

- Annual improvements 2010 – these amendments include greater emphasis on the disclosure principles in IAS 34 involving significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report;

- Amendment to IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' – the amendments apply in limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset.

None of the above revisions have any impact on the presented results of the Group for this current period, but could impact the Group in the future.

A number of other new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 March 2011. The Board regularly considers these and have concluded that none are currently relevant to the Group nor expected to have a material impact in the future. Additionally, no new standards, amendments and interpretation which are effective for subsequent accounting periods have been adopted early by the Group.

## 4 Segmental information

| | Shipbroking £'000 | Technical £'000 | Logistics £'000 | Environmental £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Six months to 31 August 2011** | | | | | |
| **Revenue** | 23,951 | 15,539 | 19,719 | 2,312 | **61,521** |
| Segment result before amortisation of intangible assets | 3,535 | 1,063 | 1,116 | 61 | **5,775** |
| Amortisation of intangible assets | (289) | (374) | (95) | (2) | **(760)** |
| Acquisition related income | – | 991 | – | – | **991** |
| **Segment result** | 3,246 | 1,680 | 1,021 | 59 | **6,006** |
| Unallocated other costs | | | | | **(1,115)** |
| Operating profit | | | | | **4,891** |
| Finance income – net | | | | | **36** |
| Share of profit from joint ventures | | | | | **102** |
| Profit before taxation | | | | | **5,029** |
| Taxation | | | | | **(1,441)** |
| Profit for the period attributable to shareholders | | | | | **3,588** |
| **Segment operating assets** | 42,720 | 26,806 | 12,871 | 1,895 | **84,292** |
| **Six months to 31 August 2010** | | | | | |
| **Revenue** | 32,023 | 12,475 | 19,114 | 3,979 | **67,591** |
| Segment result before amortisation of intangible assets | 7,537 | 874 | 793 | 15 | **9,219** |
| Amortisation of intangible assets | (293) | (322) | (155) | (18) | **(788)** |
| **Segment result** | 7,244 | 552 | 638 | (3) | **8,431** |
| Unallocated other costs | | | | | **(1,360)** |
| Operating profit | | | | | **7,071** |
| Finance income – net | | | | | **30** |
| Share of profit from joint ventures | | | | | **113** |
| Profit before taxation | | | | | **7,214** |
| Taxation | | | | | **(1,928)** |
| Profit for the period attributable to shareholders | | | | | **5,286** |
| **Segment operating assets** | 44,485 | 19,738 | 13,195 | 3,126 | **80,544** |
| **Year ended 28 February 2011** | | | | | |
| **Revenue** | 61,646 | 22,621 | 35,119 | 6,749 | **126,135** |
| Segment result before amortisation of intangible assets | 14,309 | 1,319 | 1,230 | 271 | **17,129** |
| Amortisation of intangible assets | (586) | (644) | (299) | (36) | **(1,565)** |
| **Segment result** | 13,723 | 675 | 931 | 235 | **15,564** |
| Unallocated other costs | | | | | **(2,635)** |
| Operating profit | | | | | **12,929** |
| Finance income – net | | | | | **163** |
| Share of profit from joint ventures | | | | | **103** |
| Profit before taxation | | | | | **13,195** |
| Taxation | | | | | **(3,378)** |
| Profit for the period attributable to shareholders | | | | | **9,817** |
| **Segment operating assets** | 43,448 | 20,738 | 14,141 | 2,562 | **80,889** |

Segment assets consist primarily of intangible assets (including goodwill), tangible fixed assets, receivables and other assets. Receivables for taxes, cash and cash equivalents and investments have been excluded.

## 5 Taxation

Current tax expense for the interim periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are enacted or substantively enacted at the balance sheet date.

The Group's consolidated effective tax rate for the six months ended 31 August 2011 was 28.6% (six months ended 31 August 2010: 26.7%, year ended 28 February 2011: 25.6%).

## 6 Earnings per share

| | Six months to 31 Aug 2011 £'000 | Six months to 31 Aug 2010 £'000 | Year ended 28 Feb 2011 £'000 |
|---|---|---|---|
| Profit for the period attributable to shareholders | **3,555** | 5,259 | 9,802 |
| | pence | pence | pence |
| Basic earnings per share | **17.60** | 25.99 | 48.41 |
| Effect of dilutive share options | **(0.34)** | (0.48) | (0.98) |
| Diluted earnings per share | **17.26** | 25.51 | 47.43 |
| | | | |
| Profit for the period attributable to shareholders before amortisation and acquisition related income | **3,384** | 5,826 | 10,901 |
| | pence | pence | pence |
| Basic earnings per share | **16.76** | 28.79 | 53.84 |
| Effect of dilutive share options | **(0.33)** | (0.52) | (1.10) |
| Diluted earnings per share | **16.43** | 28.27 | 52.74 |

## 7 Dividends

The following dividends were paid by the Group:

| | Six months to 31 Aug 2011 £'000 | Six months to 31 Aug 2010 £'000 | Year ended 28 Feb 2011 £'000 |
|---|---|---|---|
| Ordinary shares of 10 pence each | | | |
| Final of 17.0 pence per share (2010: 16.25 pence per share) | **3,421** | 3,293 | 3,293 |
| Interim of 9.0 pence per share paid | **–** | – | 1,817 |
| | **3,421** | 3,293 | 5,110 |

The Directors have declared an interim dividend of 9.0 pence per ordinary share, payable on 14 December 2011 to shareholders on the register on 25 November 2011.

## 8 Goodwill, other intangible assets and property, plant and equipment

| | Goodwill, tangible and intangible assets £'000 |
|---|---|
| **Six months ended 31 August 2011** | |
| Opening net book amount at 1 March 2011 | 39,596 |
| Acquisition of subsidiaries (see note 11) | 1,476 |
| Additions | 336 |
| Depreciation and amortisation | (1,379) |
| Exchange movements | 142 |
| **Closing net book amount at 31 August 2011** | **40,171** |

## 8 Goodwill, other intangible assets and property, plant and equipment continued

| | Goodwill, tangible and intangible assets £'000 |
|---|---|
| Six months ended 31 August 2010 | |
| Opening net book amount at 1 March 2010 | 39,497 |
| Acquisition of a subsidiary | (151) |
| Additions | 717 |
| Depreciation and amortisation | (1,370) |
| Closing net book amount at 31 August 2010 | 38,693 |

## 9 Share capital

| | Number of shares (thousands) | Ordinary shares £'000 | Share premium £'000 | Total £'000 |
|---|---|---|---|---|
| At 1 March 2011 | 21,096 | 2,110 | 11,077 | 13,187 |
| Shares issued and fully paid | 1 | – | 3 | 3 |
| **At 31 August 2011** | **21,097** | **2,110** | **11,080** | **13,190** |
| At 1 March 2010 | 21,073 | 2,108 | 11,014 | 13,122 |
| Shares issued and fully paid | 2 | 1 | 5 | 6 |
| 31 August 2010 | 21,075 | 2,109 | 11,019 | 13,128 |

The Group's ESOP trust acquired 209,410 of the Company's shares in the first half of the year for £1,004,000.

During the six months ended 31 August 2011, 27,775 shares at a value of £115,000 that were awarded to employees in May 2008 as part of the Deferred Bonus Plan (the Plan) were delivered to them in May 2011 following the three year vesting period. Details of the Plan are disclosed in the annual financial statements for the year ended 28 February 2011.

In addition, 26,668 shares at a value of £93,000 that were awarded to executive Directors in May 2007 as part of the long-term incentive plan ('LTIP') were delivered to them in May 2011 due to performance conditions being met. Details of the LTIP are disclosed in the annual financial statements for the year ended 28 February 2011.

## 10 Other reserves

| Group | Capital redemption reserve £'000 | Merger reserve £'000 | Deferred consideration reserve £'000 | Translation reserve £'000 | Hedging reserve £'000 | Total other reserves £'000 |
|---|---|---|---|---|---|---|
| At 1 March 2011 | 396 | 21,346 | (389) | 4,798 | 172 | 26,323 |
| Cash flow hedges | | | | | | |
| – Transfer to net profit | – | – | – | – | (236) | (236) |
| – Fair value gains in the period | – | – | – | – | 120 | 120 |
| Foreign exchange differences | – | – | – | 536 | – | 536 |
| Deferred tax on items taken to equity | – | – | – | – | 33 | 33 |
| **At 31 August 2011** | **396** | **21,346** | **(389)** | **5,334** | **89** | **26,776** |
| At 1 March 2010 | 396 | 21,346 | (389) | 3,821 | 351 | 25,525 |
| Cash flow hedges | | | | | | |
| – Transfer to net profit | – | – | – | – | (145) | (145) |
| – Fair value losses in the period | – | – | – | – | 219 | 219 |
| Foreign exchange differences | – | – | – | (87) | – | (87) |
| Deferred tax on items taken to equity | – | – | – | – | (21) | (21) |
| At 31 August 2010 | 396 | 21,346 | (389) | 3,734 | 404 | 25,491 |

All other reserves are attributable to the equity holders of the parent company.

## 11 Acquisitions

On 9 May 2011 the Group acquired the business and certain assets of BMT Marine and Offshore Surveys Limited ('BMTMOS') from the Administrator, Deloitte for a cash consideration of £2.4 million.

The provisional fair value of the assets acquired was:

| | Acquiree's carrying amount £'000 | Fair value adjustments £'000 | Provisional fair value £'000 |
|---|---|---|---|
| Intangible assets | – | 680 | 680 |
| Property, plant & equipment | 199 | – | 199 |
| Trade and other receivables | 3,665 | (151) | 3,514 |
| Payables | – | (827) | (827) |
| Net assets acquired by the Group | 3,864 | (298) | 3,566 |
| Cash consideration | | | 2,400 |
| Excess of fair value of net assets acquired over consideration paid | | | 1,166 |
| Transaction costs | | | (175) |
| Non-recurring gain | | | 991 |

The acquired business contributed revenues of £3,154,000 and an operating profit before amortisation of £181,000 to the Group for the period from acquisition to 31 August 2011.

On 15 July 2011, the Group acquired the business and certain assets of Casbarian Engineering Associates Inc for US$75,000 (£47,000) which was paid on completion and an earn-out. The earn-out will be assessed on a multiple of the earnings before interest and tax in each of the two years post completion and is capped at US$3.5 million. Management is currently assessing the fair value of the net assets acquired and has estimated the deferred consideration payable at £550,000.

Stage payments were made in the six months ended 31 August 2011 in respect of the acquisitions of Cagnoil Limited (£47,000) and LPG Connect (£42,000) in previous years.

Amounts totalling £175,000 were incurred in respect of acquisition related activities in the six months ended 31 August 2011 and charged to the income statement as incurred.

## 12 Related parties

The Group's related parties are unchanged from 28 February 2011 and there have been no significant related party transactions in the six months ended 31 August 2011.

For further information about the Group's related parties, please refer to the Group's annual financial statements for the year ended 28 February 2011.

# Independent review report to Braemar Shipping Services plc



### Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2011 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity.

Paragraph 43 (c) of ISRE (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' requires that the report must identify the title of each of the statements contained within the condensed set of financial statements and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Services Authority ('the UK FSA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

### Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2 the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU.

### Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

**John Luke**
for and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square, London E14 5GL
24 October 2011

# Shareholder information

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# Global footprint



Shipbroking
Technical
Logistics
Environmental

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