Braemar Shipping Services plc

Interim Report 2013

Shipbroking + Technical + Logistics + Environmental

Our services

Shipbroking

Braemar Seascope has offices across the globe with key hubs in London, Singapore and Australia.

The Braemar Seascope brokers in these locations are specialists in their area of expertise covering the vast majority of shipping sectors. Whether facilitating sale and purchase transactions, or arranging spot or time charters our teams are dedicated to their clients' needs 24 hours a day 365 days a year.

We have continued to invest in the systems that provide unique information to our broking teams allowing them to perform for their clients.

Technical

Braemar Technical Services provides a range of shipping and energy sector related services from a network of offices around the world.

Braemar Technical Services has a wide technical service skill base. This covers loss adjusting for both the shipping and energy markets, marine warranty surveys and consultancy and marine engineering and design skills.

The markets in which we operate are growing. We are investing ahead of this growth and are also benefiting from synergy between business units.

Logistics

Cory Brothers operates in the UK and Singapore.

The skills of the business include freight forwarding and logistics and a leading position in ship agency.

We are able to provide our clients with first class service through the use of bespoke systems which can generate superior management information.

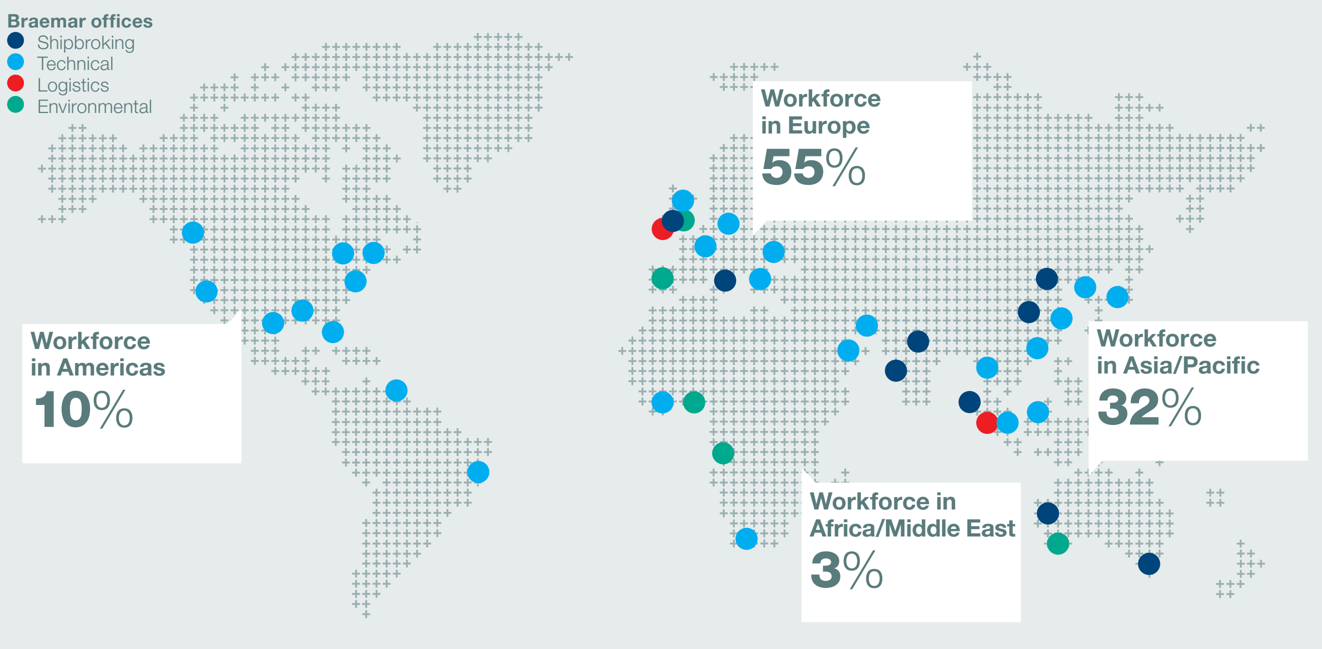
Environmental

Braemar Environmental offers environmental consultancy and crisis management support to both industry and government bodies around the clock and across the globe.

Our experienced teams are trained to respond quickly and effectively to hazardous incidents both at sea and on land.

This division is actively building a presence within the insurance industry.

Operating in key markets



Our vision is to build a balanced shipping and energy services business with leading positions in key markets across the world.

Well positioned

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.

Financial highlights

Revenue from continuing operations

£66.1 million

Interim 2012/13: £79.4 million

The higher revenue in the first half of last year includes revenue of £15.0 million from the *RENA* project which came to a conclusion in February 2013.

Pre-tax profit

£4.3 million

Interim 2012/13: £5.2 million

The first half profits last year included £1.8 million from the *RENA* project.

Strong performance from Braemar Technical Services which is benefiting from involvement in LNG vessel technical consulting and provision of expertise to large energy projects.

Basic earnings per share

15.12p

Interim 2012/13: 17.70p

Interim dividend of 9.0p per share unchanged

9.0p

Interim 2012/13: 9.0p

Contents

For more information:
www.braemarplc.com

Chairman's statement

Sir Graham Hearne CBE
Chairman

Results

Braemar has delivered a stable first half performance with encouraging results from our Technical division and improved newbuilding orders in Shipbroking.

Group revenue was £66.1 million in the first half of this year compared to £79.4 million in the first half of 2012/13. The higher revenue in the first half of last year was mostly in Braemar Howells and resulted from £15.0 million of revenue from the *RENA* project that came to a conclusion in February 2013. Excluding this project revenue increased by 3%. Interim profit before tax was £4.3 million compared to £5.2 million last year. Profit before tax (excluding the *RENA* project) has grown from £3.4 million in the first half of 2012/13 to £3.5 million in the second half of 2012/13 and to £4.3 million in the first half of the current year.

Earnings per share were 15.12 pence compared to 17.70 pence last year and 15.08 pence in the second half of last year.

Trading

In the first half the oversupply of tonnage in most shipping sectors continued to depress the markets and our shipbroking income. However, our Technical and Logistics businesses performed well and enabled us to ride the cycle and produce a solid result.

Braemar Seascope felt the impact of low freight rates and vessel values, which served to reduce income even though transaction volumes were maintained. The division finished the first half with some optimism, boosted by a resurgence in dry bulk rates and the addition of significant newbuilding business.

Braemar Technical Services ('BTS') has reported an excellent half year performance, demonstrating its broad-ranging capability with a widespread global presence. In particular, BTS is providing expertise to several large, long-term oil and gas projects as well as fulfilling the role of technical consultant to a number of LNG interests.

Our Logistics division, Cory Brothers, continues to see its profitability grow with a strong contribution from ship agency and an improving logistics business.

The activities in our Environmental division have returned to a routine level following the completion of the work on the *RENA*.

Dividend

The Board has declared an unchanged interim dividend of 9.0 pence. The interim dividend will be paid on Friday 13 December 2013 to shareholders on the register at the close of business on Friday 15 November 2013.

Outlook

After several tough years, there is now a degree of optimism in some shipping markets that a cyclical recovery is underway. This is most evident in the volume of new vessels being ordered and the rise in dry bulk chartering rates.

Shipping is intrinsically linked to wider global economic conditions where a gradual improvement can be expected over a number of years. We expect our Shipbroking division to produce an improved performance in the second half of the year and our Technical, Logistics and Environmental divisions to continue with a similar level of activity to the first half. Overall our full year expectation remains unchanged.

Sir Graham Hearne CBE
Chairman
28 October 2013

Chief Executive's review of activities

James Kidwell
Chief Executive

Shipbroking – 2013 Highlights

At the end of the first half of the year we saw some encouraging activity, culminating in a boost to our forward book.

Technical – 2013 Highlights

Braemar Technical Services has delivered a strong first half performance and a significant increase in profitability.

Logistics – 2013 Highlights

Cory Brothers has performed well in both the UK and Singapore. The UK agency business has benefited from increased port calls and a multi-year hub agency contract with an oil major which commenced in the second half of last year.

Environmental – 2013 Highlights

Following completion of the work on the stricken container ship, the *RENA*, in the second half of last year, Braemar Howells has reverted to a routine level of activity.

Braemar is a highly respected provider of services to the shipping and energy industries globally. We operate using four major brands: *Braemar Seascope* (international shipbroking), *Braemar Technical Services* (technical consulting mainly for shipping and oil and gas), *Cory Brothers* (ship agency and logistics) and *Braemar Howells* (environmental services). Our aim is to grow the businesses by developing first-class service propositions, extending geographic presence and by capitalising on their ability to work together and share resources where it makes sense.

We have continued to invest in our people, systems and research and analysis despite the tough environment in the shipping markets, and this investment will stand us in good stead to benefit from a cyclical recovery. Our presence in the Far East, particularly in Singapore, continues to grow and we have opened new offices in Europe and the US. After several years of weak shipping markets, desire for operating efficiencies (particularly in relation to fuel consumption) combined with new flows of capital are now creating more opportunities within shipbroking.

Braemar Technical Services is a global provider of engineering, surveying and loss adjusting services to the shipping, insurance and energy industries. We have a multi-disciplinary work force of 350 staff operating from more than 15 countries across the world. We are benefiting in particular from our expertise in the technical aspects of LNG ships and from the marine warranty surveying services we provide to major energy companies and insurers. The Salvage Association was established by the Lloyds insurance market more than a century ago as a hull and machinery surveyor. It has strong links with the marine insurance community, as do the other arms of BTS.

Cory Brothers has a heritage of which we are enormously proud, having been in UK ship agency for over 150 years. Cory is a leading UK player in ship agency providing a top class service using its own system 'Shiptrak', which enables us to capture, analyse and report a wide variety of relevant information for clients. Our presence in agency has been successfully extended to Singapore and we believe further international opportunities exist. In addition, Cory Brothers provides freight forwarding and logistics services and is well known for dealing efficiently with complex projects.

Our environmental arm, which operates under the Braemar Howells brand, has handled several major clean-up projects in recent years, and in so doing built a reputation for sensitively handling difficult projects.

Shipbroking

Revenue:	Divisional operating profit[1]:
£**19.0** million	£**1.1** million
(interim 2012/13: £24.2 million)	(interim 2012/13: £2.9 million)

1 Divisional operating profit is a management KPI used consistently throughout this report and represents the operating profit of the division before amortisation of other intangible assets

Braemar Seascope has continued to feel the effect of a difficult market with low freight rates and vessel values. However, the volume of transactions has been maintained in the period as has the overall number of brokers. We continue to invest in the people and systems infrastructure in readiness for the recovery in shipping markets.

Chief Executive's review of activities continued

At the end of the first half of the year we saw some encouraging activity, culminating in a boost to our forward book of business from in excess of 30 newbuilding and resale contracts secured by our sale and purchase and offshore departments. Revenue from sale and purchase business was lower in the first half of the year compared to last year, predominantly because of a lower newbuilding forward book. However, new investment in the market has favoured newbuilding and resales which has seen a significant recovery and we have been successful in concluding a good level of business.

Our tanker teams have experienced low freight rates throughout the period. The Baltic Dirty Tanker Index was on average 12% lower than the same period last year which has resulted in lower revenue. The volume of transactions, particularly with long haul cargoes to the Far East, has been steady although income generally has suffered due to the depressed freight rates. The clean product tanker market has been relatively firm and we have benefited from good volumes in the Far East. We have opened a new specialised tanker office in Oslo. Our LNG and gas departments have won contracts which have added to the forward book of business and will generate revenue in future years.

In the dry cargo market, freight rates were depressed throughout the first half of our year. The Baltic Dry Index ('BDI') averaged 962 during the period and finished the half at 1,132. However, since then, freight rates have seen a dramatic improvement driven by a slow-steaming fleet and Chinese iron ore imports which have increased the demand for capesize vessels. The BDI currently stands at 1,671 with capes earning on average in excess of $20,000 per day having peaked at $40,000 per day. During the period we moved the centre of our Dry Cargo business to the Far East to be closer to the customer base.

The last few months have been extremely busy for our offshore desk which achieved a 20% increase in fixture volumes compared to the same period last year. The spot market has been active with good rates being achieved due to the oil price remaining around $100 per barrel, which has supported exploration activity. Our offshore team has also been active in the sale and purchase market, securing the contracts for several newbuilding resales during the period.

Technical

Revenue:	Divisional operating profit:
£22.8 million	£3.0 million
(interim 2012/13: £19.1 million)	(interim 2012/13: £1.7 million)

Braemar Technical Services has delivered a strong first half performance and a significant increase in profitability. We expect this momentum to continue with our involvement in long-term projects; although the market is likely to soften in the second half of the year due to seasonal variation on offshore activities in the Far East.

The improvement in BTS over last year has been driven mainly by our marine warranty surveying and engineering consultancy businesses in the Far East. All offices in the area were extremely busy and have benefited from a high volume of work arising from the development of large energy projects in the region. We have recently won further significant business from these developments and as the business continues to grow are looking to expand our geographic presence.

Hull and machinery damage surveying has seen an increase in the number of assignments carried out in the first half compared to the same period last year, with a corresponding increase in revenue. The offices in Dubai and the Far East have performed especially well following expansion in these areas and we have seen an improving performance in North America.

Energy loss adjusting has performed steadily in a competitive market with improved trading compared to last year. We have recently opened up a new office in Dubai which will give us increased access to the Middle East and East Africa markets.

Consultant engineering which specialises in the design, plan approval and site supervision for newbuildings is a world leader in the field of LNG carrier design and construction supervision. In the first half of this year we commenced work on a three year contract for the design and site supervision of six LNG newbuildings together with local staff training. Since the end of the period, we have won additional prestigious business as owner's engineers for the world's largest floating LNG production project. We have recently recruited new senior management in Houston to expand our presence in North America.

Logistics

Revenue:	Divisional operating profit:
£21.1 million	£1.3 million
(interim 2012/13: £18.9 million)	(interim 2012/13: £1.1 million)

Cory Brothers has performed well in both the UK and Singapore. The UK agency business has benefited from increased port calls and a multi-year hub agency contract with an oil major which commenced in the second half of last year, although the market in which it operates remains volatile. In Singapore, our agency business has been extremely busy in line with regional activity.

The freight forwarding and logistics performance has improved in comparison to last year with a general rise in economic activity and confidence. We expect a similar performance in the second half of the year with the business benefiting from a number of projects in the pipeline.

The tours business has also had a better cruise ship season than last year which benefits our first half.

Environmental

Revenue:
£**3.2** million
(interim 2012/13: £17.3 million)

Divisional operating profit:
£**0.2** million
(interim 2012/13: £2.0 million)

Following completion of the work on the stricken container ship, the *RENA*, in the second half of last year, Braemar Howells has reverted to a routine level of activity, without any major ongoing project work. The work on the *RENA* contributed revenue of approximately £15 million and divisional operating profit of £1.8 million in the first half of last year. So far, activities this year have been steady and we expect a similar level of performance in the second half in the absence of any major event.

Other operating costs

Amortisation of other intangible assets:
£**0.3** million
(interim 2012/13: £0.9 million)

The charge in respect of the amortisation of other intangible assets has reduced in the first half of this year because a number of the intangible assets arising from acquisitions in previous years are now fully amortised.

Unallocated other costs:
£**1.1** million
(interim 2012/13: £1.7 million)

Unallocated other costs have fallen in the current period because of cost savings and an increase last year in relation to the succession changes on the Board.

Foreign exchange

A large proportion 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 2013 was $1.53/£ (half year 2012/13: $1.57/£, full year 2012/13: $1.56/£). The rate of translation as at 31 August 2013 was $1.55/£ (31 August 2012: $1.52/£).

The effect of the retranslation of balances held in foreign currencies is recognised through the consolidated statement of comprehensive income. The weakening of Singapore dollar, Malaysian ringgit and Indian rupee have all been significant in the last six months.

The Group has a hedging policy which reduces its major currency exposure. The policy is based on expected receipts from contracted revenue, which approximates to 50% of the next nine months of revenue and is generally only material for the US dollar. The policy also reduces the translation exposure as significant currency reserves will be converted back to sterling on a regular basis. In the long term, shipbroking revenues denominated in US$ remain exposed to the US$/£ exchange rate.

At 31 August 2013 the Group held forward currency contracts to sell US$7.0 million at an average rate of $1.51/£.

Taxation

The effective underlying rate of corporate tax on profits was 26.2% (interim 2012/13: 28.6%). The fall in the effective rate in comparison to last year is principally as a result of the reduction to the UK standard rate of corporation tax from 24% to 23%. Further reductions of the rate to 20% by April 2015 are expected to reduce the rate in future years. The rate is higher than the UK standard rate of corporation tax due to disallowed expenses and the mix of overseas profits.

Cash flow

Cash balances were £7.1 million at 31 August 2013 compared with cash of £17.3 million at 31 August 2012 and £23.3 million at 28 February 2013. This largely follows the normal cycle of cash flow whereby staff bonuses in respect of the previous year together with the final dividend to shareholders are both paid in the first half of the following year. During the first half there has been an increase in the level of trade and other receivables causing a cash outflow, whereas in the first half of last year cash flow benefited from strong cash conversion on the *RENA* project. The increase this year is partly explained by the increase in the level of business in the Technical division, but is also due to the timing of collections in a number of other areas. We anticipate improved collections in the second half of the year. The Group continues to have no debt.

Principal risks

The Directors consider that the principal risks and uncertainties that could have a material effect on the Group's performance are unchanged from those identified on page 17 of the 2013 Annual Report. These include market risk arising from changes in freight rates, vessel values or activity levels in the shipping market; operational risks including ineffective internal systems or controls, loss of key management and staff, professional errors or omissions and the failure of support services such as communications systems and public utilities; foreign exchange risk from fluctuations in the value of the US dollar; liquidity risk arising from funding requirements; and credit risk leading to the non-payment of invoices. The Group holds professional indemnity insurance to an amount considered adequate for its size and potential exposure.

James Kidwell
Chief Executive
28 October 2013

Statement of Directors' responsibilities

The Directors confirm, to the best of their knowledge, that the consolidated interim financial information has been prepared in accordance with IAS34 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 Conduct Authority.

The directors of Braemar Shipping Services plc are listed in the Braemar Shipping Services plc Annual Report for 28 February 2013.

By order of the Board

James Kidwell
Chief Executive

Martin Beer
Finance Director

Braemar Shipping Services plc
Consolidated income statement

Continuing operations	Notes	Unaudited Six months to 31 Aug 2013 £'000	Unaudited Six months to 31 Aug 2012 £'000	Audited Year ended 28 Feb 2013 £'000
Revenue	4	**66,117**	79,355	143,774
Cost of sales		**(17,924)**	(26,989)	(43,867)
Gross profit		**48,193**	52,366	99,907
Operating costs				
Operating costs excluding amortisation of other intangible assets		**(43,703)**	(46,412)	(89,386)
Amortisation of other intangible assets		**(300)**	(918)	(1,538)
		(44,003)	(47,330)	(90,924)
Operating profit	4	**4,190**	5,036	8,983
Finance income		**75**	104	296
Finance costs		**(6)**	(45)	(45)
Share of profit after tax from joint ventures		**37**	88	62
Profit before taxation		**4,296**	5,183	9,296
Taxation	5	**(1,126)**	(1,485)	(2,447)
Profit for the period		**3,170**	3,698	6,849
Attributable to:				
Equity holders of the parent		**3,161**	3,678	6,824
Non-controlling interest		**9**	20	25
Profit for the period		**3,170**	3,698	6,849
Earnings per ordinary share	6			
Basic – pence		**15.12p**	17.70p	32.78p
Diluted – pence		**14.40p**	16.82p	31.72p

Consolidated statement of comprehensive income

	Notes	Unaudited Six months to 31 Aug 2013 £'000	Unaudited Six months to 31 Aug 2012 £'000	Audited Year ended 28 Feb 2013 £'000
Profit for the period		**3,170**	3,698	6,849
Other comprehensive income / (expense)				
Items that may be reclassified to profit or loss:				
Foreign exchange differences on retranslation of foreign operations		**(1,857)**	(386)	1,131
Cash flow hedges – net of tax		**157**	(36)	(165)
Total comprehensive income for the period		**1,470**	3,276	7,815
Attributable to:				
Equity holders of the parent		**1,461**	3,256	7,790
Non-controlling interest		**9**	20	25
Total comprehensive income for the period		**1,470**	3,276	7,815

Braemar Shipping Services plc
Consolidated balance sheet

Assets	Notes	Unaudited As at 31 Aug 13 £'000	Unaudited As at 31 Aug 12 £'000	Audited As at 28 Feb 13 £'000
Non-current assets				
Goodwill		**30,318**	30,451	30,547
Intangible assets		**1,252**	2,151	1,524
Property, plant and equipment		**6,040**	6,059	6,165
Investments		**1,879**	1,800	1,796
Deferred tax assets		**757**	1,149	1,021
Other receivables		**277**	226	261
		40,523	41,836	41,314
Current assets				
Trade and other receivables		**50,393**	44,985	44,621
Restricted cash		**325**	2,523	339
Cash and cash equivalents		**7,121**	17,311	23,277
		57,839	64,819	68,237
Total assets		**98,362**	106,655	109,551
Liabilities				
Current liabilities				
Trade and other payables		**26,640**	34,012	36,343
Current tax payable		**1,964**	1,137	1,638
Provisions		**467**	402	413
Client monies held as escrow agent		**325**	2,523	339
		29,396	38,074	38,733
Non-current liabilities				
Deferred tax liabilities		**538**	1,241	612
Provisions		**359**	358	363
		897	1,599	975
Total liabilities		**30,293**	39,673	39,708
Net assets		**68,069**	66,982	69,843
Equity				
Share capital	9	**2,166**	2,163	2,165
Share premium	9	**12,166**	12,079	12,150
Shares to be issued		**(3,287)**	(3,515)	(3,309)
Other reserves	10	**26,319**	26,242	27,630
Retained earnings		**30,705**	29,773	30,962
Total shareholders' equity		**68,069**	66,742	69,598
Non-controlling interest		**–**	240	245
Total equity		**68,069**	66,982	69,843

Braemar Shipping Services plc
Consolidated cash flow statement

	Notes	Unaudited Six months 31 Aug 13 £'000	Unaudited Six months 31 Aug 12 £'000	Audited Year ended 28 Feb 13 £'000
Profit before tax for the period		**4,296**	5,183	9,296
Adjustments for:				
– Depreciation of property, plant and equipment		**497**	527	1,051
– Amortisation of computer software		**114**	84	187
– Amortisation of other intangible assets		**300**	918	1,538
– Loss on sale of property, plant and equipment		**–**	–	(37)
– Finance income		**(75)**	(104)	(296)
– Finance expense		**6**	45	45
– Share of profit of joint ventures		**(37)**	(88)	(62)
– Share based payments		**332**	497	679
Financial instruments		**–**	(11)	(185)
Changes in working capital				
– Trade and other receivables		**(5,685)**	2,126	3,458
– Trade and other payables		**(9,325)**	(3,421)	(769)
Provisions		**37**	75	91
Cash (used in)/generated from operations		**(9,540)**	5,831	14,996
Interest received		**75**	104	296
Interest paid		**(6)**	(45)	(45)
Tax paid		**(659)**	(1,563)	(3,625)
Net cash (used in)/generated from operating activities		**(10,130)**	4,327	11,622
Cash flows from investing activities				
Dividends from joint ventures		**–**	187	189
Acquisition of subsidiaries, net of cash acquired	11	**(348)**	(279)	(279)
Purchase of property, plant and equipment	8	**(482)**	(384)	(1,253)
Proceeds from sale of property, plant and equipment		**–**	–	83
Other long-term receivables		**(16)**	7	(28)
Net cash used in investing activities		**(846)**	(469)	(1,288)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**17**	64	137
Dividends paid	7	**3,526)**	(3,537)	(5,412)
Purchase of own shares		**–**	(156)	(148)
Net cash used in financing activities		**(3,509)**	(3,629)	(5,423)
Decrease / (increase) in cash and cash equivalents		**(14,485)**	229	4,911
Cash and cash equivalents at beginning of the period		**23,277**	17,467	17,467
Foreign exchange differences		**(1,671)**	(385)	899
Cash and cash equivalents at end of the period		**7,121**	17,311	23,277

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	Non-controlling interest £'000	Total equity £'000
At 1 March 2013		2,165	12,150	(3,309)	27,630	30,962	69,598	245	69,843
Profit for the period		–	–	–	–	3,161	3,161	9	3,170
Foreign exchange differences		–	–	–	(1,857)	–	(1,857)	–	(1,857)
Cash flow hedges net of tax		–	–	–	157	–	157	–	157
Total recognised income and expense in the period		–	–	–	(1,700)	3,161	1,461	9	1,470
Dividends paid	7	–	–	–	–	(3,526)	(3,526)	–	(3,526)
Issue of shares		1	16	–	–	–	17	–	17
Consideration paid		–	–	–	389	(202)	187	(254)	(67)
ESOP shares allocated		–	–	22	–	(22)	–	–	–
Credit in respect of share option schemes		–	–	–	–	332	332	–	332
Balance at 31 August 2013		**2,166**	**12,166**	**(3,287)**	**26,319**	**30,705**	**68,070**	**–**	**68,069**

	Notes	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At 1 March 2012		2,160	12,018	(3,695)	26,664	29,471	66,618	220	66,838
Profit for the period		–	–	–	–	3,678	3,678	20	3,698
Foreign exchange differences		–	–	–	(386)	–	(386)	–	(386)
Cash flow hedges net of tax		–	–	–	(36)	–	(36)	–	(36)
Total recognised income and expense in the period		–	–	–	(422)	3,678	3,256	20	3,276
Dividends paid	7	–	–	–	–	(3,537)	(3,537)	–	(3,537)
Issue of shares		3	61	–	–	–	64	–	64
Purchase of own shares		–	–	(156)	–	–	(156)	–	(156)
ESOP shares allocated		–	–	336	–	(336)	–	–	–
Credit in respect of share option schemes		–	–	–	–	497	497	–	497
Balance at 31 August 2012		**2,163**	**12,079**	**(3,515)**	**26,242**	**29,773**	**66,742**	**240**	**66,982**

1. General information

The interim consolidated financial statements of the Group for the period ended 31 August 2013 were authorised for issue in accordance with a resolution of the Directors on 28 October 2013. 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, United Kingdom.

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 2013 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 be 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.

Accounting estimates and critical judgements

Preparation of the Group's financial statements requires the use of estimates and critical judgements that affect the reported amounts of assets and liabilities, income and expense. Management make specific applications of judgement, not involving estimation, in the preparation of the financial statements, in particular the approach to revenue recognition. Principal areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are in respect of the impairment review of goodwill, other intangible assets and impairment of trade receivables.

2. Basis of preparation and statement of compliance

This consolidated interim financial information for the half-year ended 31 August 2013 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 2013, 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 2013, as included in those annual financial statements, other than presentational changes required by IAS1 Revised. New standards and interpretations in issue but not yet effective as at the date of authorisation of these financial statements are deemed not to have a material impact on the results or net assets of the Group.

4. Segmental information

Six months to 31 August 2013	Shipbroking £'000	Technical £'000	Logistics £'000	Environmental £'000	Inter-division £'000	Total £'000
Revenue	18,995	22,839	21,079	3,234	(30)	**66,117**
Divisional operating profit	1,076	3,028	1,314	189	–	**5,607**
Amortisation of other intangible assets	(226)	(52)	(22)	–	–	**(300)**
Segment result	850	2,976	1,292	189		**5,307**
Unallocated other costs						**(1,117)**
Operating profit						**4,190**
Finance income/(cost) – net						**69**
Share of profit from joint ventures						**37**
Profit before taxation						**4,296**
Taxation						**(1,126)**
Profit for the period from continuing operations						**3,170**
Segment operating assets	42,810	28,002	14,778	2,713	–	**88,303**
Segment operating liabilities	(6,825)	(4,836)	(14,528)	(1,277)	–	**(27,466)**

Six months to 31 August 2012	Shipbroking £'000	Technical £'000	Logistics £'000	Environmental £'000	Inter-division £'000	Total £'000
Revenue	24,193	19,129	18,896	17,278	(141)	**79,355**
Divisional operating profit	2,904	1,658	1,075	2,012	–	**7,649**
Amortisation of other intangible assets	(395)	(415)	(108)	–	–	**(918)**
Segment result	2,509	1,243	967	2,012	–	**6,731**
Unallocated other costs						**(1,695)**
Operating profit						**5,036**
Finance income/(cost) – net						**59**
Share of profit from joint ventures						**88**
Profit before taxation						**5,183**
Taxation						**(1,485)**
Profit for the period from continuing operations						**3,698**
Segment operating assets	41,075	26,020	13,688	2,459	–	**83,872**
Segment operating liabilities	(11,481)	(4,313)	(14,823)	(4,155)	–	**(34,772)**

Year ended 28 February 2013	Shipbroking £'000	Technical £'000	Logistics £'000	Environmental £'000	Inter-division £'000	Total £'000
Revenue	46,362	36,778	37,495	23,399	(260)	**143,774**
Divisional operating profit	5,348	3,437	2,006	2,681	–	**13,472**
Amortisation of other intangible assets	(709)	(684)	(145)	–	–	**(1,538)**
Segment result	4,639	2,753	1,861	2,681	–	**11,934**
Unallocated other costs						**(2,951)**
Operating profit						**8,983**
Finance income/(cost) – net						**251**
Share of profit from joint ventures						**62**
Profit before taxation						**9,296**
Taxation						**(2,447)**
Profit for the period from continuing operations						**6,849**
Segment operating assets	39,937	25,800	14,094	2,206	–	**82,037**
Segment operating liabilities	(13,945)	(4,576)	(16,899)	(1,699)	–	**(37,119)**

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 net 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 2013 was 26.2% (six months ended 31 August 2012: 28.6%).

6. Earnings per share

	Six months to 31 Aug 2013 £'000	Six months to 31 Aug 2012 £'000	Year ended 28 Feb 2013 £'000
Profit for the period attributable to equity shareholders of the parent	**3,161**	3,678	6,824

	pence	pence	pence
Basic earnings per share	**15.12**	17.70	32.78
Effect of dilutive share option	**(0.73)**	(0.88)	(1.06)
Diluted earnings per share	**14.40**	16.82	31.72

7. Dividends
The following dividends were paid by the Group:

	Six months to 31 Aug 2013 £'000	Six months to 31 Aug 2012 £'000	Year ended 28 Feb 2013 £'000
Ordinary shares of 10 pence each			
Final of 17.0 pence per share (2012: 17.0 pence per share)	**3,526**	3,537	3,542
Interim of 9.0 pence per share paid	**–**	–	1,870
	3,526	3,537	5,412

The Directors have declared an interim dividend of 9.0 pence per ordinary share, payable on 13 December 2013 to shareholders on the register on 15 November 2013.

8. Goodwill, intangible assets and property, plant and equipment

	Goodwill, intangible assets and property, plant and equipment £000
Six months ended 31 August 2013	
Opening net book amount at 1 March 2013	38,236
Additions	517
Depreciation and amortisation	(911)
Exchange movements	(232)
Closing net book value at 31 August 2013	**37,610**
Six months ended 31 August 2012	
Opening net book amount at 1 March 2012	39,303
Acquisition of a subsidiary	468
Additions	384
Depreciation and amortisation	(1,529)
Exchange movements	35
Closing net book value at 31 August 2012	**38,661**

9. Share capital

	Number of share (thousands)	Ordinary Shares £000	Shares Premium £000	Total £000
At 1 March 2013	21,647	2,165	12,150	14,315
Shares issued and fully paid	13	1	16	17
At 31 August 2013	**21,660**	**2,166**	**12,166**	**14,332**
At 1 March 2012	21,600	2,160	12,018	14,178
Shares issued and fully paid	33	3	61	64
At 31 August 2012	21,633	2,163	12,079	14,242

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 2013	396	21,346	(389)	6,340	(63)	27,630
Cash flow hedges						
– Transfer to net profit	–	–	–	–	94	94
– Fair value gains in the period	–	–	–	–	122	122
Foreign exchange differences	–	–	–	(1,857)	–	(1,857)
Consideration paid	–	–	389	–	–	389
Deferred tax on items taken to equity	–	–	–	–	(59)	(59)
At 31 August 2013	**396**	**21,346**	**–**	**4,483**	**94**	**26,319**
At 1 March 2012	396	21,346	(389)	5,209	102	26,664
Cash flow hedges						
– Transfer to net profit	–	–	–	–	(136)	(136)
– Fair value gains in the period	–	–	–	–	88	88
Foreign exchange differences	–	–	–	(386)	–	(386)
Deferred tax on items taken to equity	–	–	–	–	12	12
At 31 August 2012	396	21,346	(389)	4,823	66	26,242

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

11. Acquisitions

During the six months ended 31 August 2013, the Group acquired the remaining 20% of Fred. Olsen Freight Limited for a consideration of £235,000.

In addition, £113,000 was incurred in respect of deferred and contingent consideration relating to acquisitions from previous periods.

12. Related parties

The Group's related parties are unchanged from 28 February 2013 and there have been no significant related party transactions in the six months ended 31 August 2013.

For further information about the Group's related parties, please refer to the Group's annual financial statements for the year ended 28 February 2013.

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 2013 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity 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 Conduct Authority ('the UK FCA'). 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 FCA.

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 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Ian Griffiths
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London, E14 5GL
28 October 2013

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