Shipbroking + Technical + Logistics + Environmental

Braemar Shipping Services plc
Interim Report 2009

Contents

For more information:
www.braemarplc.com

Braemar Shipping Services plc is a leading international provider of broking, consultancy, technical and other services to the shipping, marine and energy industries.

Our clients are located all over the world and we serve them from an international network of offices. At any moment in time we are working to provide the highest level of client service.

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.

Braemar is constantly looking for new ways to help clients by expanding geographically and by adding complementary services that make us an increasingly valuable partner.

Cover image: Wind farm installation in the North Sea. Project cargo movements involving Cory Logistics.

Highlights

Unaudited interim results for the six months ended 31 August 2009

Financial highlights

- Strong results considering significantly different market conditions year on year
- Improvement on second half of 2008/9 financial year
- Revenue from continuing operations £57.1m (2008: £69.1m)
- Pre-tax profit from continuing operations £7.0m (Interim 2008: £9.8m, Second half 2008/9: £6.4m)
- Basic EPS from total operations 24.25p (2008: 33.51p)
- Interim dividend of 8.75p per share (2008: 8.5p)
- Strong balance sheet with cash of £9.8m (31 August 2008: £11.1m) and no debt

Operational highlights

- Wide mix of shipping operations offsets downturns in particular markets
- Non-broking activities now make up more than one third of operating profits before central costs
- Strong performance driven by development in technical services (marine services, marine engineering services, loss adjusting) and energy-based activities
- New forward-freight agreement (FFA) broking desk has commenced trading

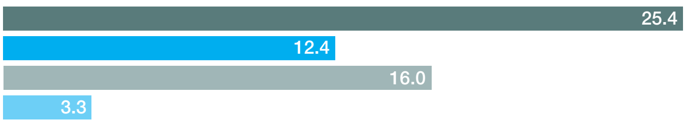
Market overview

- Recent turmoil presents opportunities to build business further
- Slowdown in ordering of new ships and possibility of some cancelled orders
- Demand for iron ore in Far East showing some recovery after the recent slowdown

Group performance by business segment

Six months ended 31 August 2009

Group revenue £m



Operating profit £m*

Shipbroking
Technical
Logistics
Environmental

*Before amortisation and central costs

Chairman's statement

These are strong results considering the very different market conditions in which they were achieved. While they are down on the corresponding period in 2008 they represent an improvement when compared to the second half of last year.

Pre-tax profits

£7.0m

Interim dividend

8.75p

The Group's half year revenues were £57.1 million (2008 interim: £69.1 million), pre-tax profits were £7.0 million (2008 interim: £9.8 million) and basic earnings per share were 24.25 pence (2008 interim: 33.51 pence).

These are strong results considering the very different market conditions in which they were achieved. While they are down on the corresponding period in 2008 (a record performance for Braemar) they represent an improvement when compared to the second half of last year. Operating in more difficult circumstances, the Group has benefited from the strategic decision to invest in a broader range of shipping services which now account for more than one third of the Group's operating profits before central costs. We have a solid platform from which to continue to build as markets gradually recover.

Shipping markets have experienced a sharp adjustment after a boom period which continued through to the first half of 2008. Since then freight rates and vessel values have fallen significantly, where they remain now. However, in the shipbroking areas in which we operate, transaction volumes are, for the most part, fully restored to the levels seen before the financial crisis and in some cases they have increased. This is despite a general background of weaker demand for oil and consumer goods keeping shipping markets in a relatively fragile state. The timing and volume of newbuilding deliveries within the industry is a cause for uncertainty over the coming years. Our own forward order book is little changed since the beginning of the financial year with some pleasing, and perhaps surprising, newbuilding business concluded during this half.

The investments made in recent years, particularly in the Technical division, have increased both the breadth of services offered to clients and our geographical coverage. This has proved beneficial to the Group at a time when shipping is relatively weak.

All our other divisions performed well, despite the economic slowdown, due to the longer term nature of some of their business and the ability to find and develop new revenue streams. In the Far East the demand for our energy-related loss adjusting and specialist marine engineering skills has remained strong and marine warranty surveying remains active, notwithstanding lower rig activity. In South America we are developing our loss adjusting business and have started a new cargo claims management business from the United Kingdom and the United States which we expect will have an international presence. The Group has also seen an increase in its involvement in Africa, carrying out business during the first half with 23 African countries, particularly within the Logistics and Environmental divisions. Our ship agency business in the United Kingdom and Singapore has continued to grow and gain market share. Overall it has been a busy half across the Group.

The Board has declared an interim dividend of 8.75 pence, an increase of 3% over 2008/9. The interim dividend will be paid on 11 December 2009 to shareholders on the register at the close of business on 6 November 2009, with an ex-dividend date of 4 November 2009.

Most of the businesses in the Group do not experience significant seasonal changes. The prospects for the full year are good, particularly if the major economies continue to show steady recovery.

Sir Graham Hearne
Chairman
26 October 2009

Chief Executive's review of activities

I am extremely pleased with the performance of the Group in the first half. The adjustment to world trade brought about by the financial crisis and subsequent recession in most economies has been a difficult environment in which our shipping clients have had to operate.

Cash balances

£9.8m

I am extremely pleased with the performance of the Group in the first half. The adjustment to world trade brought about by the financial crisis and subsequent recession in most economies has been a difficult environment in which our shipping clients have had to operate. It is good to see that the Group has been resilient in this climate and that we are emerging with a stronger market position. All our businesses can be proud of their achievements to date and we expect them to continue performing well in the second half.

Throughout the Group our staff have worked hard to deliver these results and have proved to be resourceful in challenging conditions. I join with the Board in expressing our thanks for their effort and commitment to Braemar over this period.

Shipbroking

At 31 August 2009 the Baltic Dry Index stood at 2,421 up from 1,986 at 28 February 2009 and it currently stands at 3,043. It reached a low of 1,463 on 8 April and a peak of 4,291 on 3 June. In May and June speculation over iron ore pricing encouraged traders into the spot market during a period when Chinese steelmakers were stockpiling which pushed rates in the Capesize market upwards and dragged the smaller sizes up simultaneously. The dry bulk market has since softened as iron ore pricing has now been agreed, causing trade and the freight market to flatten. The underlying demand for bulk commodities remains strong as China and India continue to maintain volumes and the effects of the Chinese government's stimulus package flows through their economy. Other factors that will drive the freight market in the next 12 months include improved crop estimates for Australia and the Ukraine which will maintain a floor on freight until the first quarter of 2010. While increased flow of newbuildings over the next 2-3 years will have a negative impact on freight levels it would seem that the strength of demand from China and India in the next 6-12 months will keep freight levels stable in the short term. However, as the Chinese continue to buy raw materials very much on a spot basis the short term freight market will remain volatile.

At the beginning of the year the tanker industry along with the rest of the shipping markets was bracing itself for a significant period of low charter rates as newbuildings delivered to the market at the same time as the global economic slowdown reduced demand for industrial energy. The BDTI (Baltic Dirty Tanker Index) has lacked volatility and fluctuated between 453 and 731 over the past six months, currently standing at 580, thus indicating an ominous outlook for the ship owners and operators alike. However, despite rates remaining depressed in all the tanker chartering disciplines, it is encouraging to see our market share continues to grow in all segments. In particular we have increased our fixture numbers in the active Chinese VLCC (very large crude carrier) chartering market as well as secured higher volumes of Suezmax (1 million barrels) business in the Atlantic region where we have traditionally had a strong presence. We have managed to conclude several period contracts of affreightment since the beginning of the year and although the rate levels are market related it does mean the volume of fixtures remains healthy.

The reduction in refinery runs in the major refining hubs around the world has resulted in a decline in product distribution which has affected the earnings for all product carriers. This has also impacted the chemical markets, particularly in Europe, but we still maintain term contracts negotiated in previous years which have underpinned our activity.

The LPG markets have been affected as well. However, by nurturing new customers over the years, we have managed to win new business in the larger vessel market, and that, in conjunction with our regular client base has kept our income in line with last year. Together with LPG chartering, the success of our newly established LPG product broking team has enhanced our position in this segment and through this synergy we continue to increase our client base.

Since the beginning of the year we have concluded several LNG charters to major producers and receivers alike. This is due to our continual service to the industry in this specialised sector where we have also been successful in winning several commercial service tenders and consultancy contracts together with our LNG technical experts, Wavespec. We remain confident that this clean and efficient energy source will play a greater part in servicing the world's power demands in the near future and we are well placed to increase our service as required.

Chief Executive's review of activities
continued

Shipbroking revenue	Technical revenue
£25.4m	£12.4m
Logistics revenue	**Environmental revenue**
£16.0m	£3.3m

Market volatility and physical chartering volumes have adversely impacted FFA transaction volumes. However, we are pleased with how our new wet FFA desk has begun. It is now wholly-owned and is becoming more integrated with the Company's wide client base.

Our sale and purchase section had a tremendously successful first half, setting a record for transaction volumes much of which will be delivered in the second half of the year. Through our extensive contact base we have had many clients taking advantage of falling price levels in all segments and our market position remains strong. In addition to this, our demolition volumes have increased substantially and we see this continuing as a result of the weaker freight rates.

The container market remains depressed with most liner companies fighting for their survival and owners continuing to struggle. It will take some time for the market conditions to improve and while we may see a minor increase in volumes as consumer confidence starts to recover, we are not anticipating significant changes with so much idle tonnage. However, our team has transacted numerous deals both in sale and purchase and chartering and continues to perform well, maintaining their strong market position.

In the offshore department activity remains high although revenues have been affected by lower spot rates. In spite of this we maintain a healthy forward order book and would expect to participate in further project business as opportunities arise.

Technical – Braemar Falconer, Wavespec and Braemar Steege

Braemar Falconer's revenue for the half year equalled that of the same period last year despite the gloomy outlook at the beginning of this financial year. Significant new contracts in China and Vietnam were secured, offsetting lower revenue from rig move work which has decreased since the beginning of the year. Engineering consultancy work was steady although there was pressure on chargeable rates. The Group continues to be busy although at a lower level than last year. Second half activity is expected to be similar to the first half.

Braemar Steege continues to perform in line with expectations. The London office has received a number of notable loss adjusting instructions concerning losses in the North Sea and West Africa; there has also been an increase in demand for expert witness services to the legal profession. The Houston and Calgary offices have seen a reduction in instructions due to the quiet hurricane season in the Gulf of Mexico but the Latin American operation is seeing a good level of client activity in response to expansion in the region. Singapore continues to dominate the energy adjusting sector in Asia and our office has recently been appointed on a high profile well-control incident offshore Western Australia.

Braemar Marine was launched in August to provide marine surveying and adjusting services to the hull, cargo and P&I insurance market; initial progress has been slower than originally expected but recent appointments suggest that this new business should become profitable within the next 18 months, as planned. This business is expected to link well with Braemar Falconer and Braemar Steege.

Wavespec has continued to perform well over the first six months of the year and has gained significant contracts to carry out technical due diligence and support to a major financial group as they look to take equity stakes in two LNG carriers as well as undertaking feasibility studies for the potential to ship gas from the Middle East to China and Europe. Wavespec also opened its first overseas office in Houston, Texas which now employs five staff who provide specialised consulting services mainly for LNG terminals and the offshore sector.

Logistics – Cory Brothers

Cory Logistics was able to increase net margins due to new project forwarding work, favourable market conditions in its import forwarding business and an expansion in its liner agency business. Another beneficial factor has been the full integration of Fred. Olsen Freight in March 2009, whereby 90 Cory and Fred. Olsen staff were brought together in new leasehold premises at Haven Exchange, Felixstowe.

Ship agency continued to perform steadily, maintaining volumes and increasing overall market share in what is seen to be a depressed market. There have been key contributions from its ship-to-ship transfer and hub services businesses. The cruise business also saw increases in port calls and passenger take-up throughout the summer season.

Shipbroking Operating profit*	Technical Operating profit*
£5.7m	£1.9m
Logistics Operating profit*	**Environmental Operating profit***
£1.1m	£0.2m

*Before amortisation and central costs

Environmental services – Braemar Howells

Revenues grew by 23% over last year with key contributions from established income streams, as well as a number of new oil spill incidents, the work for which was gained through existing retainer contracts. Profits were similar to last year with control over costs a primary focus. New business has been won in domestic marine contracting together with response, consultancy and training overseas in Australia, the Middle East, North and South America.

Principal risks and uncertainties

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 19 of the 2009 Annual Report and Accounts in the Risk Management section. These include operational risks occurring as a result of ineffective internal systems or controls, staff errors and/or omissions and other external factors; foreign exchange risk from fluctuations in the US dollar to sterling exchange rate; liquidity risk arising from funding requirements; credit risk in the form of non-payment of invoices; and exposures to interest rate movements.

Acquisitions

During this half, the first of two stage payments was made in relation to Steege Kingston Partnership Limited a company acquired in March 2008. An amount of £1.0 million was paid together with a payment of £0.1 million in respect of the final fair value of the net assets acquired.

During the half the Group also acquired Cagnoil Limited (owner of a time charter forward order book) for a consideration of £0.7 million, with a further £0.2 million due over the next two years. Net assets acquired included £0.2 million of cash. It also expended £0.1 million on the purchase of a shipbroking operation which specialises in LPG broking.

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 2009 was $1.57/£ (Interim 2008/9: $1.90/£, Full Year 2008/9: $1.85/£). In broad terms a 10 cent swing in the US$/£ exchange rate approximates to a £3 million change in shipbroking revenues over a full year. The rate of translation as at 31 August 2009 was $1.63/£.

Taxation

The effective underlying rate of tax, excluding the share of net profits from joint ventures, was 30.3% (2008: 30.7%) which takes into account the tax rates from the different locations where the Group operates. It is higher than the standard UK tax rate primarily due to the effect of disallowable trading expenses and the mix of overseas profits.

Cash

Cash balances were £9.8 million at 31 August 2009 compared with cash of £25.2 million as at 28 February 2009 and £11.1 million at 31 August 2008. The Group normally generates most of its annual cash flow in the second half of the year and the reduction in cash principally reflects the payment of the annual broking bonus, acquisition related payments (see above) and the full year dividend relating to the prior year. Capital expenditure in the period principally related to the cost of fitting out the new offices at Felixstowe together with the cost of improvements to other leasehold premises in the Group.

Alan Marsh
Chief Executive
26 October 2009

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 Services Authority.

The Directors of Braemar Shipping Services PLC are listed in the Braemar Shipping Services PLC Annual Report for 28 February 2009.

By order of the Board

A. R. W. Marsh
Chief Executive

J. R. V. Kidwell
Finance Director

Braemar Shipping Services plc
Consolidated Income Statement

Continuing operations	Notes	Unaudited Six months to 31 Aug 2009 £'000	Unaudited Six months to 31 Aug 2008 £'000	Audited Year ended 28 Feb 2009 £'000
Revenue	4	**57,116**	69,106	127,144
Cost of sales		**(13,611)**	(19,770)	(35,038)
Gross profit		**43,505**	49,336	92,106
Operating costs				
Operating costs excluding amortisation		**(35,929)**	(39,275)	(75,345)
Amortisation of intangible assets		**(679)**	(528)	(1,074)
		(36,608)	(39,803)	(76,419)
Operating profit	4	**6,897**	9,533	15,687
Finance income		**98**	108	309
Finance costs		**–**	–	(18)
Share of profit after tax from joint ventures		**26**	144	246
Profit before taxation		**7,021**	9,785	16,224
Taxation	5	**(2,120)**	(2,959)	(4,704)
Profit for the period		**4,901**	6,826	11,520
Attributable to:				
Equity holders of the parent		**4,877**	6,795	11,463
Minority interest		**24**	31	57
Profit for the period		**4,901**	6,826	11,520
Earnings per ordinary share	6			
Basic – pence		**24.25p**	33.51p	56.70p
Diluted – pence		**23.98p**	33.30p	55.72p

Statement of comprehensive income

	Notes	Unaudited Six months to 31 Aug 2009 £'000	Unaudited Six months to 31 Aug 2008 £'000	Audited Year ended 28 Feb 2009 £'000
Profit for the period		**4,901**	6,826	11,520
Other comprehensive income/(expense)				
Foreign exchange differences on retranslation of foreign operations		**(1,581)**	919	3,612
Cash flow hedges – net of tax		**1,269**	(730)	(429)
Total comprehensive income for the period		**4,589**	7,015	14,703
Attributable to:				
Equity holders of the parent		**4,565**	6,984	14,646
Minority interest		**24**	31	57
Total comprehensive income for the period		**4,589**	7,015	14,703

Braemar Shipping Services plc
Consolidated Balance Sheet

Assets	Notes	Unaudited As at 31 Aug 2009 £'000	Unaudited As at 31 Aug 2008 £'000	Audited As at 28 Feb 2009 £'000
Non-current assets				
Goodwill		**28,198**	28,235	28,137
Other intangible assets		**4,452**	4,145	3,921
Property, plant and equipment		**6,567**	6,175	6,189
Investments		**1,902**	2,087	2,344
Deferred tax assets		**612**	987	810
Other receivables		**129**	144	176
		41,860	41,773	41,577
Current assets				
Trade and other receivables		**36,145**	42,813	38,055
Derivative financial instruments		**1,402**	–	160
Cash and cash equivalents		**9,837**	11,052	25,194
		47,384	53,865	63,409
Total assets		**89,244**	95,638	104,986
Liabilities				
Current liabilities				
Derivative financial instruments		**–**	1,168	649
Trade and other payables		**29,422**	41,016	46,221
Current tax payable		**2,575**	3,438	2,689
Provisions		**67**	57	88
		32,064	45,679	49,647
Non-current liabilities				
Deferred tax liabilities		**2,390**	2,301	2,255
Provisions		**133**	107	137
		2,523	2,408	2,392
Total liabilities		**34,587**	48,087	52,039
Net assets		**54,657**	47,551	52,947
Equity				
Share capital	9	**2,104**	2,102	2,104
Share premium	9	**10,920**	10,876	10,920
Shares to be issued		**(3,195)**	(2,798)	(3,479)
Other reserves	10	**24,708**	21,770	25,020
Retained earnings		**19,982**	15,434	18,268
Total shareholders' equity		**54,519**	47,384	52,833
Minority interest		**138**	167	114
Total equity		**54,657**	47,551	52,947

Braemar Shipping Services plc
Consolidated Cash Flow Statement

	Notes	Unaudited Six months to 31 Aug 2009 £'000	Unaudited Six months to 31 Aug 2008 £'000	Audited Year ended 28 Feb 2009 £'000
Profit before tax for the period		**7,021**	9,785	16,224
Adjustments for:				
– Depreciation		**461**	423	956
– Amortisation		**679**	528	1,074
– Goodwill impairment charge		**–**	–	56
– Loss on sale of property, plant and equipment		**–**	–	15
– Negative goodwill credited to income statement		**–**	–	(15)
– Finance income		**(98)**	(108)	(309)
– Finance expense		**–**	–	18
– Share of profit of joint ventures		**(26)**	(144)	(246)
– Share based payments and related national insurance charges		**311**	234	453
Changes in working capital				
– Trade and other receivables		**(509)**	(8,528)	1,246
– Trade and other payables		**(15,081)**	(1,470)	1,437
– Provisions		**24**	(116)	50
Cash generated from operations		**(7,218)**	604	20,959
Interest received		**98**	108	309
Interest paid		**–**	–	(18)
Tax paid		**(2,584)**	(3,230)	(6,245)
Net cash (used in)/generated from operating activities		**(9,704)**	(2,518)	15,005
Cash flows from investing activities				
Dividends received from joint ventures		**338**	–	–
Acquisition of subsidiaries, net of cash acquired	11	**(1,652)**	(4,887)	(5,137)
Purchase of property, plant and equipment	8	**(853)**	(654)	(1,189)
Proceeds from sale of property, plant and equipment		**–**	–	6
Purchase of investments		**(19)**	(8)	(9)
Other long-term receivables		**47**	11	(21)
Net cash used in investing activities		**(2,139)**	(5,538)	(6,350)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**–**	133	324
Dividends paid	7	**(3,121)**	(3,147)	(4,868)
Dividends paid to minority		**–**	–	(45)
Purchase of own shares		**–**	(406)	(1,134)
Net cash used in financing activities		**(3,121)**	(3,420)	(5,723)
(Decrease)/increase in cash and cash equivalents		**(14,964)**	(11,476)	2,932
Cash and cash equivalents at beginning of the period		**25,194**	21,635	21,635
Foreign exchange differences		**(393)**	893	627
Cash and cash equivalents at end of the period		**9,837**	11,052	25,194

Braemar Shipping Services plc
Condensed consolidated half-yearly statement of changes in equity (unaudited)

	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 2008		2,061	9,261	(2,527)	20,687	11,717	41,199	328	41,527
Profit for the period		–	–	–	–	6,795	6,795	31	6,826
Other comprehensive income:									
Retranslation of foreign operations		–	–	–	913	–	913	6	919
Cash flow hedges – net of tax		–	–	–	(730)	–	(730)	–	(730)
Total comprehensive income for the period		–	–	–	183	6,795	6,978	37	7,015
Acquisition		31	1,317	–	–	–	1,348	18	1,366
Dividends paid	7	–	–	–	–	(3,147)	(3,147)	–	(3,147)
Issue of shares		10	298	–	–	–	308	–	308
Purchase of shares		–	–	(406)	–	–	(406)	–	(406)
Consideration paid		–	–	–	900	–	900	(216)	684
ESOP shares allocated		–	–	135	–	(165)	(30)	–	(30)
Credit in respect of share option schemes		–	–	–	–	234	234	–	234
Balance at 31 August 2008		**2,102**	**10,876**	**(2,798)**	**21,770**	**15,434**	**47,384**	**167**	**47,551**
At 1 March 2009		2,104	10,920	(3,479)	25,020	18,268	52,833	114	52,947
Profit for the period		–	–	–	–	4,877	4,877	24	4,901
Other comprehensive income:									
Retranslation of foreign operations		–	–	–	(1,581)	–	(1,581)	–	(1,581)
Cash flow hedges – net of tax		–	–	–	1,269	–	1,269	–	1,269
Total comprehensive income for the period		–	–	–	(312)	4,877	4,565	24	4,589
Dividends paid	7	–	–	–	–	(3,121)	(3,121)	–	(3,121)
Issue of shares		–	–	–	–	–	–	–	–
Purchase of shares	9	–	–	(69)	–	–	(69)	–	(69)
ESOP shares allocated	9	–	–	353	–	(353)	–	–	–
Credit in respect of share option schemes		–	–	–	–	311	311	–	311
Balance at 31 August 2009		**2,104**	**10,920**	**(3,195)**	**24,708**	**19,982**	**54,519**	**138**	**54,657**

Braemar Shipping Services plc
Unaudited notes to the financial information for the six months ended 31 August 2009

1. General information
The interim consolidated financial statements of the Group for the period ended 31 August 2009 were authorised for issue in accordance with a resolution of the directors on 26 October 2009. 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 2009 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 statement under Section 237 of the Companies Act 1985.

2. Accounting policies
Basis of preparation
This condensed consolidated half-yearly financial information for the half-year ended 31 August 2009 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 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

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.

3. 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 2009, as described 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 2009 and have been applied to the Group:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, 'Operating segments'. IFRS 8 has replaced IAS 14, 'Segment reporting' and requires a 'management approach' whereby segment information is presented on the same basis as that used for internal reporting purposes. The reportable segments presented have not changed following the adoption of the new standard, as they have previously and, continue to be presented consistently with how performance is reported to the chief operating decision maker. The Group's segments are Shipbroking, Technical, Logistics and Environmental.

- IFRS 2 (amendment), 'Share based payments'. The amendment to IFRS 2 on vesting conditions and cancellations requires that all cancellations, whether by the entity or by other parties, receive the same accounting treatment. Prior to the amendment it was unclear how an entity should account for the cancellation of an award by an employee, for example, for save as you earn (SAYE) plans and matching share awards. There is no material impact to the Group on adoption of this amendment.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 March 2009, but are not currently relevant for the Group.

- IAS 23 (revised), 'Borrowing Costs'.
- IAS 32 (amendment), 'Financial Instruments: Presentation'.
- IAS 39 (amendment), 'Financial Instruments: Recognition and measurement'.
- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 March 2009 and have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, associates and joint ventures on the Group.

  The revised standard continues to apply the acquisition method to business combinations, although with some certain significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) to all business combinations from 1 March 2010, subject to endorsement by the EU.

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

4. Segmental information

Six months to 31 August 2009	Shipbroking £'000	Technical £'000	Logistics £'000	Environmental £'000	Total £'000
Revenue	25,370	12,403	16,021	3,322	**57,116**
Segment result before amortisation of intangible assets	5,689	1,930	1,151	160	**8,930**
Amortisation of intangible assets	(181)	(322)	(158)	(18)	**(679)**
Segment result	5,508	1,608	993	142	**8,251**
Unallocated other costs					**(1,354)**
Operating profit					**6,897**
Finance income – net					**98**
Share of profit from joint ventures					**26**
Profit before taxation					**7,021**
Taxation					**(2,120)**
Profit for the period attributable to shareholders					**4,901**
Segment operating assets	43,047	19,204	12,454	2,188	**76,893**
Six months to 31 August 2008					
Revenue	34,446	10,383	21,583	2,694	**69,106**
Segment result before amortisation of intangible assets	8,995	2,221	343	177	**11,736**
Amortisation of intangible assets	(50)	(330)	(130)	(18)	**(528)**
Segment result	8,945	1,891	213	159	**11,208**
Unallocated other costs					**(1,675)**
Operating profit					**9,533**
Finance income – net					**108**
Share of profit from joint ventures					**144**
Profit before taxation					**9,785**
Taxation					**(2,959)**
Profit for the period attributable to shareholders					**6,826**
Segment operating assets	44,539	18,850	15,833	2,290	**81,512**
Year ended 28 February 2009					
Revenue	60,409	21,193	40,797	4,745	**127,144**
Segment result before amortisation of intangible assets	14,990	4,156	1,130	(165)	**20,111**
Amortisation of intangible assets	(100)	(644)	(292)	(38)	**(1,074)**
Segment result	14,890	3,512	838	(203)	**19,037**
Unallocated other costs					**(3,350)**
Operating profit					**15,687**
Finance income – net					**291**
Share of profit from joint ventures					**246**
Profit before taxation					**16,224**
Taxation					**(4,704)**
Profit for the period attributable to shareholders					**11,520**
Segment operating assets	41,264	19,577	13,743	2,054	**76,638**

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.

Braemar Shipping Services plc
Unaudited notes to the financial information for the six months ended 31 August 2009 continued

5. Taxation
The taxation charge for the half-year is calculated using the estimated effective tax rate for the full year applied to the pre-tax profits at the half year.

6. Earnings per share

	Six months to 31 Aug 2009 £'000	Six months to 31 Aug 2008 £'000	Year ended 28 Feb 2009 £'000
Profit for the period attributable to shareholders	**4,877**	6,795	11,463
	pence	pence	pence
Basic earnings per share	**24.25**	33.51	56.70
Effect of dilutive share options	**(0.27)**	(0.21)	(0.98)
Diluted earnings per share	**23.98**	33.30	55.72
	Shares	Shares	Shares
Weighted average number of ordinary shares	**20,114,413**	20,275,565	20,215,801
Effect of dilutive share options	**224,718**	131,683	356,495
Diluted weighted average number of ordinary shares	**20,339,131**	20,407,248	20,572,296

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

	Six months to 31 Aug 2009 £'000	Six months to 31 Aug 2008 £'000	Year ended 28 Feb 2009 £'000
Ordinary shares of 10 pence each			
Final of 15.5 pence per share (2008: 15.0 pence per share)	**3,121**	3,147	3,147
Interim of 8.5 pence per share paid	**–**	–	1,721
	3,121	3,147	4,868

The Directors have declared an interim dividend of 8.75 pence per ordinary share, payable on 11 December 2009 to shareholders on the register on 6 November 2009.

8. Capital expenditure

	Goodwill, tangible and intangible assets £'000
Six months ended 31 August 2008	
Opening net book amount at 1 March 2008	33,961
Acquisition of a subsidiary	4,877
Additions	654
Depreciation and amortisation	(951)
Exchange	14
Closing net book amount at 31 August 2008	38,555
Six months ended 31 August 2009	
Opening net book amount at 1 March 2009	38,247
Acquisition of subsidiaries (see note 11)	1,317
Additions	853
Depreciation and amortisation	(1,140)
Exchange movements	(60)
Closing net book amount at 31 August 2009	**39,217**

9. Share capital

	Number of shares (thousands)	Ordinary Shares £'000	Share Premium £'000	Total £'000
At 1 March 2008	20,607	2,061	9,261	11,322
Acquisitions – see note 11	307	31	1,317	1,348
Shares issued and fully paid	56	5	128	133
Shares issued and unpaid	51	5	170	175
At 31 August 2008	21,021	2,102	10,876	12,978
At 1 March 2009 and 31 August 2009	**21,036**	**2,104**	**10,920**	**13,024**

The Group's ESOP trust acquired 21,596 of the Company's shares between 4 May 2009 and 31 August 2009 at prices ranging between 237 and 332 pence. The total amount paid to acquire the shares was £69,000 and has been deducted from shareholders' equity.

During the six months ended 31 August 2009, 62,750 shares at a value of £196,000 that were awarded to employees in May 2006 as part of the Deferred Bonus Plan (the Plan) were delivered to them in May 2009 following the three year vesting period. In addition, 50,000 shares at a value of £157,000 that were awarded to employees in August 2006 as part of the Plan were delivered to them in August 2009 following the three year vesting period. Details of the Plan are disclosed in the annual financial statements for the year ended 29 February 2008.

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 2008	396	21,346	(1,520)	388	77	20,687
Cash flow hedges						
– Transfer to net profit	–	–	–	–	(107)	(107)
– Fair value losses in the period	–	–	–	–	(907)	(907)
Foreign exchange differences	–	–	–	913	–	913
Consideration to be paid	–	–	900	–	–	900
Deferred tax on items taken to equity	–	–	–	–	284	284
At 31 August 2008	396	21,346	(620)	1,301	(653)	21,770
At 1 March 2009	396	21,346	(355)	3,985	(352)	25,020
Cash flow hedges						
– Transfer to net profit	–	–	–	–	488	488
– Fair value gains in the period	–	–	–	–	1,274	1,274
Foreign exchange differences	–	–	–	(1,581)	–	(1,581)
Deferred tax on items taken to equity	–	–	–	–	(493)	(493)
At 31 August 2009	**396**	**21,346**	**(355)**	**2,404**	**917**	**24,708**

11. Acquisitions

On 2 March 2009 the Company acquired 100% of the share capital of Cagnoil Limited for a total cash consideration of £0.9 million. Initial consideration paid was £0.7 million satisfied by cash from existing resources. Deferred consideration of £0.2 million is payable over the next four years and will be settled wholly in cash.

The acquired business contributed revenues of £134,000 and a net profit before amortisation of £127,000 to the Group for the period from acquisition to 31 August 2009.

Details of provisional net assets acquired and goodwill are set out below. The fair value of the intangible assets relate to the value of the forward order book acquired.

	Acquiree's carrying amount £'000	Fair value adjustments £'000	Provisional fair value £'000
Cash and cash equivalents	214	–	214
Intangible assets	–	1,083	1,083
Receivables	11	–	11
Payables	(5)	–	(5)
Current tax liability	(65)	–	(65)
Deferred tax liabilities	–	(303)	(303)
Net assets acquired by the Group	155	780	935

	£'000
Purchase consideration	
– cash paid	748
– deferred consideration	187
Total consideration	935

Outflow of cash to acquire the business, net of cash acquired:	
– cash consideration	748
– cash and cash equivalents in subsidiary acquired	(214)
– acquisition expenses	–
Cash outflow on acquisition	534

In addition, during the period the Group acquired a shipbroking operation which specialises in LPG broking for a consideration of £165,000. £82,000 was paid in the period with a further £83,000 to be paid over the next two years.

In respect of previous acquisitions, on 22 May 2009, the Group made the first of two stage payments in relation to Steege Kingston Partnership Limited following its acquisition on 3 March 2008. An amount of £967,000 was paid based on a multiple of the earnings before interest and tax in the year post completion and was settled wholly in cash. A further amount of £69,000 was paid in respect of a final adjustment to the net assets acquired of Steege Kingston Partnership Limited.

Independent review report to Braemar Shipping Services plc

Introduction

We have been engaged by the Company to review the condensed consolidated interim set of financial statements in the half-yearly financial report for the six months ended 31 August 2009, which comprises the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the condensed consolidated half-yearly statement of changes in equity and the related 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.

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 Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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

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. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom. 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 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
West London
26 October 2009

(a) The maintenance and integrity of the Braemar Shipping Services plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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