Braemar Shipping Services plc
Interim Report 2008

Shipbroking + Technical + Environmental + Logistics

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

Our clients are located all around the globe and we serve them from an international network of offices.

The Group is divided into four operating segments: Shipbroking, Logistics, Technical and Environmental services. Together these segments are able to offer a unique set of skills for clients.

The Group's strategy is to develop its businesses both geographically and into other complementary and related areas that can add value.

www.braemarseascope.com

Financial highlights
Results for the six months ended 31 August 2008.

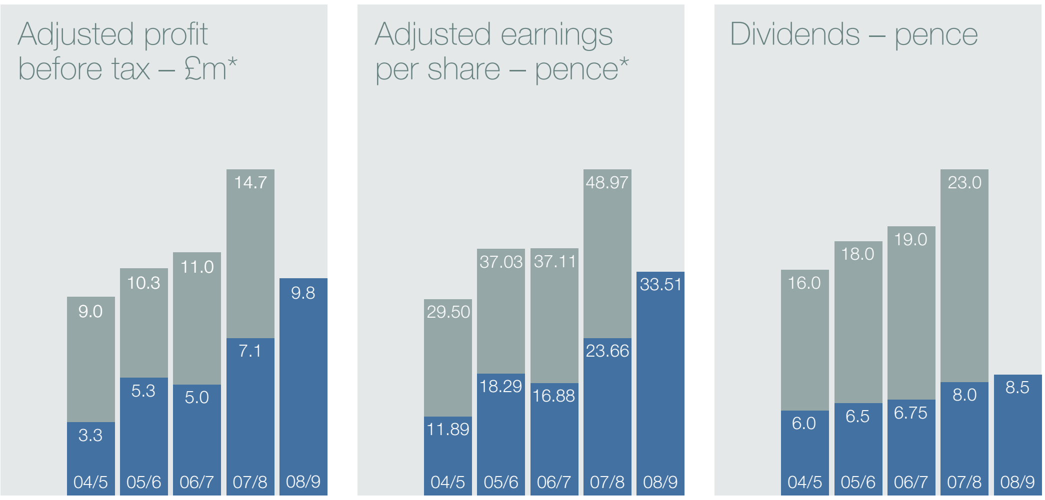
Revenue from continuing operations
£69.1m (2007: £46.7m), a rise of 48% (23% excluding acquisitions)

Pre-tax profit from continuing operations
£9.8m (2007: £7.1m), up 38% (18% excluding acquisitions)

Basic EPS from total operations
33.51p (2007: 23.66p), up 42%

Increased interim dividend
of 8.5p per share (2007: 8.0p)

Strong balance sheet
with cash of £11.1m and no debt



* Profits and earnings in 2006/7 are adjusted to exclude an exceptional impairment charge.

Chairman's statement

Our strategy remains to position the Group as a leading player in a selective range of marine and shipping services. We believe this will provide the Group with a resilience to weather adverse conditions and a platform from which we can take advantage of suitable opportunities. Unprecedented economic events have introduced uncertainty but we remain cautiously optimistic about the future.

The trading performance of the Group during the first half of the year was strong with organic growth in shipbroking coupled with expansion in our technical services division being the principal drivers. Group revenues grew by 48% from £46.7 million to £69.1 million, pre-tax profits increased by 38% from £7.1 million to £9.8 million and basic earnings per share were up 42% to 33.51 pence from 23.66 pence. The underlying growth in revenue and pre-tax profits excluding the contributions from acquired businesses is 23% and 18% respectively.

The unprecedented events occurring in the international financial and commodity markets over the last month have introduced a much greater degree of uncertainty in shipping. Freight rates for the dry bulk and container markets have experienced significant falls though tanker rates remain firm. Vessel values have come under pressure because of the contraction of available finance and perceived falls in the demand for bulk commodities. This has resulted in reduced sale and purchase activity which is likely to remain low until confidence returns.

There is a strong likelihood that some of the newbuilding orders reported in the market will be cancelled. However, we believe that the majority of our forward order book is secure because the prices at which most orders were placed are below the historic peaks and because of the relative strength of the yards, the owners of the vessels and the charterers. Some reduction of newbuilding deliveries is likely and will be welcome by serving to reduce the potential for excess shipping capacity. Similarly, an acceleration in the scrapping of old ships is beginning to occur which will also moderate the supply of tonnage – demolition shipbroking being an area where we have great expertise.

Our strategy over the past few years has been to invest in related marine services businesses. This has expanded our geographical presence, activity skill-sets and customer base giving the Group greater resilience in changing markets. We have invested in building the non-broking aspect of our business and on 3 March 2008 the Company purchased Steege Kingston for a consideration which is expected to total approximately £8.1 million. The business is an international loss-adjuster specialising in the energy market and has now been renamed Braemar Steege. Together the non-broking businesses contributed £2.7 million (representing approximately 20%) of the Group's operating profit before amortisation in the first half, including £0.8 million from Braemar Steege. Activity levels were high during the period and have remained so since, particularly at Braemar Falconer whose marine engineering and surveying business in the Far East has benefited greatly from the increase in oil and gas exploration.

The Group is financially strong with net tangible assets of £15.2 million including cash of £11.1 million and no debt. In the current financial turmoil, with global recession imminent, it is difficult to predict what impact it will have on our businesses. However, there is a broad base to our operations and this, coupled with the strength of our forward order book and of the US$ relative to Sterling gives us confidence that our expectations for the full year out-turn will be met.

The Board has declared an interim dividend of 8.5 pence, an increase of 6% over 2007/8. The interim dividend will be paid on 11 December 2008 to shareholders on the register at the close of business on 14 November 2008, with an ex-dividend date of 12 November 2008.

Sir Graham Hearne
27 October 2008

Chief Executive's review of activities

Despite the market this is a set of record results for Braemar which gives us confidence that our expectations for the full year out-turn will be met. Careful operational and financial management has resulted in a strong cash position with no debt and an increased dividend payment to shareholders.

Our Group has delivered a strong performance in nearly all sectors of activity. We have enjoyed a strong shipping market for much of the last six months but more importantly we have increased our market share across most shipbroking disciplines which will serve us well in weaker markets.

I would like to record the Board's thanks to all staff across our divisions for the energy, enthusiasm and commitment they have given to ensure that more and more companies within the maritime and shipping industries are developing a business relationship with Braemar.

Shipbroking

The average Baltic Dry Index for the six months ended 31 August 2008 was 8,968 (H1 2007: 6,146). The BDI currently stands at 1,102 having fallen sharply during the recent financial crisis. From the start of our financial year the dry cargo market gradually improved until it peaked in the last half of May and remained high for about one month before gradually sliding back down towards the end of August, a pattern that was generally followed by all sectors of the dry cargo market. The volume of transactions concluded was higher this half than last, with a considerable improvement in the value of freights and hence commission earned. China has dominated our activities and we have increased our presence in Beijing as well as taking on several junior brokers in London, Australia and Singapore. The dry bulk freight market in the Far East has dropped considerably over the last month with the demand for bulk commodities from China slowing since the Olympic Games. While we see some potential for an increase in volumes in the near future, this recovery is not expected to reach previous levels. In addition to market turmoil a more direct effect has been an impasse between Vale of Brazil, the world's largest iron ore supplier, and the Chinese steel mills, over Vale's attempt to increase the price of iron ore. The Chinese steel mills, who have been suffering from a downturn in the price of steel, have vigorously opposed this increase and, with a large stockpile of ore in Chinese ports, do not need to import much in the short term.

The deep sea tanker chartering rates have remained relatively firm throughout the first half and our volumes transacted have increased. The Baltic Dirty Tanker Index averaged 1,731 during the first half (H1 2007: 1,331) and now stands at 1,390. Crude oil prices have dropped significantly since the highs of the summer, but both China and India are continuing to import crude oil in line with their predictions, and we expect to benefit from this continuous anticipated requirement. The newbuilding crude tonnage deliveries during the period have so far been absorbed by market demand but as we move into next year there is a general expectation that the deliveries will exceed market requirement and rates may start to recede. The wider distribution of products from refineries continues to be the major contribution to the tonne mile requirement and in the near term we expect the volume of trade in all refined products, simple and sophisticated, to grow in line with the delivery of new product tonnage.

Chief Executive's review of activities continued

In August 2008 we entered the FFA (Forward Freight Agreement) broking market through a joint arrangement with Tullett Prebon. This new desk, which is based in our London office, currently transacts over the counter wet freight trades with a view to expanding into the dry FFA market in due course.

The LNG sector is now becoming a crucial element to the global power requirement and the projects that have been previously delayed to date are now nearing completion. The transportation of this clean and available energy will grow over the ensuing year and we are well placed to service the new demand.

Sale and purchase activity in the first half remained strong with a good level of highly priced transactions in both second hand and newbuilding. This was maintained into July but has since steadily dried up with the unfolding of the financial market crisis. The present stagnation in the sale and purchase and newbuilding markets is a combination of lack of liquidity in the financing market and a wholesale drop in dry freight rates. Despite this current climate we have been able to conclude significant newbuilding business. Demolition volumes have picked up and we expect this activity to increase in the last quarter of 2008 and early 2009.

Our container desk performed well in the first half against the backdrop of a market which has deteriorated in recent months on the back of declining consumer confidence. Sale and purchase activity is low at present as potential sellers are holding on to their tonnage rather than selling. There is however a significant probability that some owners will be forced into selling and we remain well placed for this business as we do on chartering when vessels seek new employment.

The offshore desk has had a very strong first six months with high charter rates in the North Sea driven by high exploration activity. Rates have remained at these levels although it would be surprising if they were unaffected by the fall in the oil price in the future.

Technical services – Braemar Falconer, Wavespec and Braemar Steege

Braemar Falconer's revenue and profits for the first half year grew substantially. A significant portion of the growth was attributable to increased involvement with rig moves, either as a warranty surveyor or as adviser to oil companies. A substantial increase was also recorded for engineering consultancy work where we earn higher rates. We opened a third branch office in China which has secured three contracts in quick succession. All of the offices in the Far East are busy with day-to-day survey work and the marine engineering department in Singapore is carrying out significant engineering warranty work.

Wavespec continued to perform steadily with the majority of its business represented by LNG construction supervisory work under the Qatargas contract which has at least another two years to run. The company is continuing to broaden its work to include offshore, dynamic positioning and failure mode and effect analysis.

Braemar Steege has performed in line with our expectations and since acquisition in March 2008 it has established a new office in Venezuela and a regional office in Miami. All offices have received a steady flow of new instructions through the first half of the year and more recently the Houston and London offices have benefited from over 30 instructions arising from Hurricanes Gustav and Ike, including two of the four largest energy claims known to have hit the energy insurance market as a result of Hurricane Ike.

Logistics – Cory Brothers

The growth in Cory's revenue was derived from more project forwarding work and the addition of 80% of Fred. Olsen Freight which was purchased on 24 December 2007. The integration of Fred. Olsen Freight is proceeding well and will culminate in the bringing together of 90 Cory and Fred Olsen staff in new leasehold premises in Felixstowe in early 2009. Ship agency continued to perform steadily with an increase in volumes following key contract additions. We also established our first overseas ship agency office in Singapore in July 2008. This has eight employees providing a full range of port, liner agency and logistics services. The cruise business also saw a promising increase in port calls and passenger take-up during this summer season.

Environmental services – Braemar Howells

As expected, following the completion of the clean-up activity on the "MSC Napoli", the first half revenues and profits are lower than last year. However, the effect has been to some extent ameliorated by an increase in retainer contracts with significant new clients and international business, particularly in West and Central Africa.

Acquisitions

The contributions of acquired businesses to the half year results are as follows:

	First half 2008/9 £000	First half 2007/8 £000
Revenue		
Braemar Falconer	4,143	647
Braemar Steege	3,298	–
Fred Olsen. Freight Limited	4,873	–
	12,314	647
Operating profit		
Braemar Falconer	1,133	65
Braemar Steege	777	–
Fred Olsen. Freight Limited	86	
Operating profit before amortisation	1,996	65
Amortisation	(366)	(29)
Impact on Group operating profit	1,630	36

The consideration paid for Braemar Steege was £5.8 million satisfied by the issue of shares (£1.3 million) and cash of £4.5 million. Further cash consideration of £2.3 million is expected to be paid based on performance. Net tangible assets acquired were £4.6 million, including debtors of £2.5 million and cash of £1.2 million resulting in the recognition of goodwill and intangible assets (net of applicable deferred tax) of £3.5 million.

During the half the Group also expended cash of £0.9 million on the purchase of 59% of Gorman Cory and £0.7 million on the final settlement of the consideration for 80% of Fred. Olsen Freight.

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 2008 was $1.90/£ (Interim 2007/8: $2.02/£, Full Year 2007/8: $1.99/£). In broad terms a 10 cent swing in the US$/£ rate approximates to a £3 million change in shipbroking revenues over a full year. The rate of translation as at 31 August 2008 was $1.82/£.

Cash

Cash balances were £11.1 million at 31 August 2008 compared with cash of £21.6 million as at 29 February 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, acquisitions (see above) and the full year dividend relating to the prior year.

Alan Marsh
27 October 2008

Statement of Directors' responsibilities

The Directors confirm, to the best of their knowledge, that this set of financial statements 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 Securities Authority.

The Directors of Braemar Shipping Services PLC are listed in the Braemar Shipping Services PLC Annual Report for 29 February 2008.

By order of the Board

A.R.W. Marsh, Chief Executive J.R.V. Kidwell, Finance Director

Consolidated income statement

Continuing operations	Notes	**Unaudited Six months to 31 Aug 2008 £'000**	Unaudited Six months to 31 Aug 2007 £'000	Audited Year ended 29 Feb 2008 £'000
Revenue	4	**69,106**	46,670	100,964
Cost of sales		**(19,770)**	(13,793)	(28,267)
Gross profit		**49,336**	32,877	72,697
Operating costs		**(39,803)**	(26,110)	(58,729)
Operating profit	4	**9,533**	6,767	13,968
Finance income		**108**	234	391
Finance costs		**–**	(8)	(11)
Share of profit after tax from joint ventures		**144**	100	370
Profit before taxation – continuing operations		**9,785**	7,093	14,718
Taxation	5	**(2,959)**	(2,323)	(4,797)
Profit for the period – continuing operations		**6,826**	4,770	9,921
Profit/(loss) for the period from discontinued operations		**–**	23	(3)
Profit for the period		**6,826**	4,793	9,918
Attributable to:				
Equity holders of the parent		**6,795**	4,713	9,772
Minority interest		**31**	80	146
Profit for the period		**6,826**	4,793	9,918
Earnings per ordinary share	7			
Basic – pence		**33.51p**	23.66p	48.97p
Diluted – pence		**33.30p**	23.48p	48.68p

Consolidated balance sheet

Assets	Notes	Unaudited As at 31 Aug 08 £'000	Unaudited As at 31 Aug 07 £'000	Audited As at 29 Feb 08 £'000
Non current assets				
Goodwill	8	**28,235**	24,218	25,826
Other intangible assets	8	**4,145**	2,254	2,315
Property, plant and equipment	8	**6,175**	5,771	5,820
Investments		**2,087**	1,535	1,890
Deferred tax assets		**987**	644	754
Other receivables		**144**	60	155
		41,773	34,482	36,760
Current assets				
Inventories		**92**	70	91
Trade and other receivables		**42,721**	28,394	26,784
Derivative financial instruments		**–**	77	107
Restricted cash		**–**	–	3,952
Cash and cash equivalents		**11,052**	11,122	21,635
		53,865	39,663	52,569
Total assets		**95,638**	74,145	89,329
Liabilities				
Current liabilities				
Derivative financial instruments		**1,168**	–	49
Trade and other payables		**41,016**	32,264	39,540
Current tax payable		**3,438**	3,099	3,017
Provisions		**57**	277	48
Client monies held as escrow agent		**–**	–	3,952
		45,679	35,640	46,606
Non-current liabilities				
Deferred tax liabilities		**2,301**	287	681
Trade and other payables		**–**	–	434
Provisions		**107**	40	81
		2,408	327	1,196
Total liabilities		**48,087**	35,967	47,802
Net assets		**47,551**	38,178	41,527
Equity				
Share capital	9	**2,102**	2,049	2,061
Share premium	9	**10,876**	9,001	9,261
Shares to be issued		**(2,798)**	(1,844)	(2,527)
Other reserves	10	**21,770**	20,806	20,687
Retained earnings		**15,434**	7,842	11,717
Total shareholders' equity		**47,384**	37,854	41,199
Minority interest		**167**	324	328
Total equity		**47,551**	38,178	41,527

Consolidated cash flow statement

	Notes	Unaudited Six months to 31 Aug 08 £'000	Unaudited Six months to 31 Aug 07 £'000	Audited Year ended 29 Feb 08 £'000
Profit before tax for the period from continuing operations		**9,785**	7,093	14,718
Profit before tax for the period from discontinued operations		**–**	23	(3)
Adjustments for:				
– Depreciation		**423**	312	687
– Amortisation		**528**	189	452
– Goodwill impairment charge		**–**	–	114
– Profit on sale of investments		**–**	(93)	(89)
– Profit/(loss) on sale of property, plant and equipment		**–**	–	57
– Finance income		**(108)**	(234)	(391)
– Finance expense		**–**	8	11
– Share of pre-tax profit of joint ventures		**(144)**	(100)	(370)
– Share based payments		**234**	190	554
Changes in working capital				
– Inventory		**(1)**	–	(21)
– Trade and other receivables		**(8,527)**	(4,166)	143
– Trade and other payables		**(1,470)**	(747)	5,630
– Provisions		**(116)**	(145)	334
Cash generated from operations		**604**	2,330	21,158
Interest received		**108**	234	391
Interest paid		**–**	(8)	(11)
Tax paid		**(3,230)**	(1,904)	(4,587)
Net cash (used in)/generated from operating activities		**(2,518)**	652	16,951
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	11	**(4,887)**	(931)	(4,270)
Purchase of property, plant and equipment	8	**(654)**	(561)	(1,032)
Proceeds from sale of property, plant and equipment		**–**	7	57
Purchase of investments		**(8)**	–	(38)
Proceeds from sale of investments		**–**	191	200
Other long term receivables		**11**	21	(74)
Net cash used in investing activities		**(5,538)**	(1,273)	(5,157)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**133**	473	745
Dividends paid	6	**(3,147)**	(2,451)	(4,053)
Dividends paid to minority interest		**–**	(65)	(143)
Purchase of own shares		**(406)**	(797)	(1,480)
Net cash used in financing activities		**(3,420)**	(2,840)	(4,931)
(Decrease)/increase in cash and cash equivalents		**(11,476)**	(3,461)	6,863
Cash and cash equivalents at beginning of the period		**21,635**	14,634	14,634
Foreign exchange differences		**893**	(51)	138
Cash and cash equivalents at end of the period		**11,052**	11,122	21,635

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
As at 28 February 2007		2,023	8,554	(1,047)	21,020	5,390	35,940	390	36,249
Cash flow hedges		–	–	–	43	–	43	–	43
Exchange differences		–	–	–	(36)	–	(36)	–	(36)
Net income recognised directly in equity		–	–	–	7	–	7	–	7
Profit for the period		–	–	–	–	4,713	4,713	80	4,793
Total recognised income for the half year		–	–	–	7	4,713	4,720	80	4,800
Dividends paid	6	–	–	–	–	(2,451)	(2,451)	(65)	(2,516)
Issue of shares		26	447	–	–	–	473	–	473
Purchase of shares		–	–	(797)	–	–	(797)	–	(797)
Consideration to be paid		–	–	–	(221)	–	(221)	–	(221)
Credit in respect of share option schemes		–	–	–	–	190	190	–	190
Balance at 31 August 2007		**2,049**	**9,001**	**(1,844)**	**20,806**	**7,842**	**37,854**	**324**	**38,178**
As at 29 February 2008		2,061	9,261	(2,527)	20,687	11,717	41,199	328	41,527
Cash flow hedges		–	–	–	(730)	–	(730)	–	(730)
Exchange differences		–	–	–	913	–	913	6	919
Net income recognised directly in equity		–	–	–	183	–	183	6	189
Profit for the period		–	–	–	–	6,795	6,795	31	6,826
Total recognised income for the half year		–	–	–	183	6,795	6,978	37	7,015
Acquisition	11	31	1,317	–	–	–	1,348	18	1,366
Dividends paid	6	–	–	–	–	(3,147)	(3,147)	–	(3,147)
Issue of shares	9	10	298	–	–	–	308	–	308
Purchase of shares	9	–	–	(406)	–	–	(406)	–	(406)
Consideration paid	11	–	–	–	900	–	900	(216)	684
ESOP shares allocated	9	–	–	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**

Unaudited notes to the financial information

for the six months ended 31 August 2008

1. General information

The interim consolidated financial statements of the Group for the period ended 31 August 2008 were authorised in accordance with a resolution of the directors for issue on 28 October 2008. 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 consolidated financial statements do not compromise statutory accounts within the meaning of Section 240(5) of the Companies Act 1985. The audited statutory accounts for the year ended 29 February 2008 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. Basis of preparation and forward-looking statements

Basis of preparation

This condensed consolidated half-yearly financial information for the half-year ended 31 August 2008 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS34, "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 29 February 2008, 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 29 February 2008, as described in those annual financial statements.

4. Segmental information

	Six months to 31 Aug 2008 £'000	Six months to 31 Aug 2007 £'000	Year ended 29 Feb 2008 £'000
Revenue			
Shipbroking	**34,446**	23,879	52,794
Logistics	**21,583**	12,013	27,874
Technical	**7,085**	3,774	9,467
Energy loss adjusting	**3,298**	–	–
Environmental	**2,694**	7,004	10,829
	69,106	46,670	100,964
Profit for the period			
Shipbroking	**8,945**	6,064	12,993
Logistics	**213**	432	953
Technical – other	**1,349**	316	728
Technical – energy loss adjusting	**542**	–	–
Environmental	**159**	1,226	1,836
Segment result	**11,208**	8,038	16,510
Unallocated common costs	**(1,675)**	(1,271)	(2,542)
Operating profit	**9,533**	6,767	13,968
Fixed income/(cost) – net	**108**	226	380
Share of profit after tax from joint ventures	**144**	100	370
Profit before taxation	**9,785**	7,093	14,718
Taxation	**(2,959)**	(2,323)	(4,797)
Profit for the period from continuing operations	**6,826**	4,770	9,921

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. Dividends

The following dividends were paid by the Group:

	Six months to 31 Aug 2008 £'000	Six months to 31 Aug 2007 £'000	Year ended 29 Feb 2008 £'000
Ordinary shares of 10 pence each			
Interim of 8.00 pence per share paid	**–**	–	1,602
Final of 15.0 pence per share (2007: 12.25 pence per share)	**3,147**	2,451	2,451
	3,147	2,451	4,053

The Directors have declared an interim dividend of 8.5 pence per ordinary share, payable on 11 December 2008 to shareholders on the register on 14 November 2008.

7. Earnings per share

	Six months to 31 Aug 2008 £'000	Six months to 31 Aug 2007 £'000	Year ended 29 Feb 2008 £'000
Profit for the period from continuing operations	**6,795**	4,690	9,775
Profit/(loss) for the period from discontinued operations	**–**	23	(3)
Profit for the period attributable to shareholders	**6,795**	4,713	9,772

	Shares	Shares	Shares
Weighted average number of ordinary shares	**20,275,565**	19,922,544	19,953,231
Dilutive effect of share options	**131,683**	153,532	122,061
Diluted weighted average number of ordinary shares	**20,407,248**	20,076,076	20,075,292

Continuing operations	Pence	Pence	Pence
Basic earnings per share	**33.51**	23.54	48.99
Effect of dilutive share options	**(0.21)**	(0.18)	(0.30)
Diluted earnings per share	**33.30**	23.36	48.69

Total operations	Pence	Pence	Pence
Basic earnings per share	**33.51**	23.66	48.97
Effect of dilutive share options	**(0.21)**	(0.18)	(0.29)
Diluted earnings per share	**33.30**	23.48	48.68

8. Capital expenditure

	Goodwill, tangible and intangible assets £'000
Six months ended 31 August 2007	
Opening net book amount at 1 March 2007	29,666
Acquisition of a subsidiary	2,524
Additions	561
Disposals	(7)
Depreciation and amortisation	(501)
Closing net book amount at 31 August 2007	32,243
Six months ended 31 August 2008	
Opening net book amount at 1 March 2008	33,961
Acquisition of subsidiaries (see note 11)	4,877
Additions	654
Depreciation and amortisation	(951)
Exchange movements	14
Closing net book amount at 31 August 2008	**38,555**

9. Share Capital

	Number of shares (thousands)	Ordinary Shares £'000	Share Premium £'000	Total £'000
At 1 March 2007	20,231	2,023	8,554	10,577
Issues – share option schemes	263	26	447	473
At 31 August 2007	20,494	2,049	9,001	11,050
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**

The Group's ESOP trust acquired 87,600 of the Company's shares, including 76,800 through purchases on the London Stock Exchange, at dates between 17 May 2008 and 28 August 2008 at prices ranging between 467 and 500 pence. The total amount paid to acquire the shares was £406,000 and has been deducted from shareholders' equity.

During the six months ended 31 August 2008, 414,211 shares were issued at prices ranging between 137.5 pence and 439.75 pence. Of these, 51,471 shares were paid subsequent to the balance sheet date. In addition, of the 414,211 share issued, 306,513 shares were issued as part of the consideration to acquire Steege Kingston Partnership Limited (see note 11).

In addition, 48,000 shares at a value of £135,000 that were awarded to employees in May 2005 as part of the Deferred Bonus Plan (the Plan) were delivered to them in May 2008 following the three year vesting period. Details of the Plan are disclosed in the annual financial statements for the year ended 29 February 2008.

Unaudited notes to the financial information

for the six months ended 31 August 2008

10. Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Deferred consideration reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total other reserves £'000
Group						
Balance at 28 February 2007	396	21,346	(738)	5	11	21,020
Cash flow hedges						
– Transfer to net profit	–	–	–	–	(16)	(16)
– Fair value losses in the period	–	–	–	–	77	77
Foreign exchange differences	–	–	–	(36)	–	(36)
Consideration to be paid	–	–	(221)	–	–	(221)
Deferred tax on items taken to equity	–	–	–	–	(18)	(18)
As at 31 August 2007	**396**	**21,346**	**(959)**	**(31)**	**54**	**20,806**
Balance at 29 February 2008	396	21,346	(1,520)	388	77	20,687
Cash flow hedges						
– Transfer to net profit	–	–	–	–	(107)	(907)
– Fair value losses in the period	–	–	–	–	(907)	(907)
Foreign exchange differences	–	–	–	913	–	913
Consideration paid	–	–	900	–	–	900
Deferred tax on items taken to equity	–	–	–	–	284	284
As at 31 August 2008	**396**	**21,346**	**(620)**	**1,301**	**(653)**	**21,770**

11. Acquisitions

On 3 March 2008 the Company acquired 100% of the share capital of Steege Kingston Partnership Limited for an estimated consideration of £8.1 million. The deferred consideration is based on a multiple of the earnings before interest and tax in each of the two years post completion and these amounts will be settled wholly in cash.

The acquired business contributed revenues of £3,298k and a net profit before amortisation of £777k to the Group for the period from acquisition to 31 August 2007 (see note 4).

Details of provisional net assets acquired and goodwill are set out below. The goodwill is attributable to Steege Kingston's skilled loss adjusting staff. The Group has yet to finalise the amount of the fair value of the identifiable assets acquired.

	£'000
Purchase consideration	
– cash paid	4,203
– shares issued	1,348
– deferred consideration	2,320
– acquisition expenses	187
Total purchase consideration	8,058
– fair value of identifiable assets acquired (see below)	(6,287)
Goodwill	1,771

	Acquiree's carrying amount £'000	Provisional fair value £'000
Cash and cash equivalents	1,161	1,161
Property, plant and equipment	110	110
Intangible assets	0	2,350
Work in progress	4,280	4,280
Receivables	2,503	2,503
Payables	(1,745)	(1,745)
Current tax liability	(407)	(407)
Deferred tax liabilities	(1,149)	(1,807)
Provisions	(140)	(140)
Net identifiable assets acquired	4,613	6,305
Minority interest		(18)
Net assets acquired by the Group		6,287

Outflow of cash to acquire the business, net of cash acquired:	
– cash consideration	4,203
– cash and cash equivalents in subsidiary acquired	(1,161)
– acquisition expenses	187
Cash outflow on acquisition	3,229

In addition, on 29 July 2008, the Group paid £28,000 to acquire the assets of Sealion Shipping (S) Pte Limited situated in Singapore generating goodwill of £23,000.

In respect of previous acquisitions, on 5 March 2008, the Group acquired the 59% minority interest in Gorman Cory Limited for a consideration of £900,000 which generated additional goodwill of £686,000 and, on 2 July 2008, paid £730,000 as settlement of the 80% acquisition in Fred. Olsen Freight Limited resulting in a reduction to the provisional goodwill disclosed at 29 February 2008 of £71,000.

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 2008, which comprises the consolidated income statement, consolidated balance sheet, condensed consolidated half-yearly statement of changes in equity, consolidated cash flow statement and 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 2008 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 and Registered Auditors
West London
27 October 2008

(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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