Braemar Shipping Services plc
Interim Report 2007

Financial highlights results for the six months ended 31 August 2007

- Revenue £68.7m (2006: £50.5m), a rise of 36%
- Pre-tax profit £7.1m (2006: £4.1m), up 75% (up 42% if the impairment charge in 2006 is excluded)
- Basic EPS 23.66p (2006: 12.03p), up 97% (up 40% if the impairment charge in 2006 is excluded)
- Increased interim dividend declared 8.00p per share (2006: 6.75p)
- Net cash £11.1m (31 August 2006: £8.1m, February 2007: £14.6m)
- Falconer Bryan acquired and performing well

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Chairman's statement

The Group has performed well in the first half with strong contributions from all business segments. The results reflect this excellent performance, with a 36% increase in revenue to £68.7m, a 75% increase in profit before tax to £7.1m and a 97% increase in earnings per share to 23.66 pence. If these results were adjusted to exclude the impairment charge in the prior half, pre-tax profits would have increased by 42% and earnings per share by 40% on last year.

Shipbroking has gone from strength to strength with more chartering transactions concluded and increased long-term business placed, in both newbuilding contracts and period charters. Our forward order book of business is at a record level and significantly higher than at the beginning of the year. The dry bulk market has seen record freight rates in recent months and these look set to remain high for some time to come. Tanker rates have been lower this year than last, but our volumes have grown offsetting the rate effect. Both the container and offshore markets have also seen conditions which have enabled our teams to thrive.

Our recently established environmental services arm – DV Howells – has been instrumental in providing incident response services to the stricken container vessel off the coast of Devon and we are proud of the role it has played in helping to minimise the environmental consequences of this incident. Its business is incident-driven and therefore likely to be variable, though there are many opportunities to develop its activities. Cory Brothers and Wavespec both performed steadily over the half.

The non-broking businesses of Cory Brothers, Wavespec and DV Howells contributed approximately a quarter of the Group's profits. This proportion is likely to grow as we continue to pursue a strategy of broadening the Group's range of services. Most recently, in July 2007 the Group added to its technical services division through the acquisition of Falconer Bryan Pte for a cash consideration of £5.9m. Falconer Bryan is headquartered in Singapore and employs 90 full time staff. It has a network of offices throughout the Far East from which it provides a range of survey, engineering and loss adjusting services to the marine and energy industries.

At the end of the last financial year we stated that we were reviewing options for the bunker business and as a result we ceased activity in bunker trading in September 2007 although these results include the activity for the whole of the period.

The outlook for the second half of the year remains favourable. The level of business already concluded this year means that we can be confident that the full year out-turn should see good growth over last year.

The Board has declared an interim dividend of 8.00 pence, an increase of 19% over 2006/7. The interim dividend will be paid on 11 December 2007 to shareholders on the register at the close of business on 9 November 2007, with an ex-dividend date of 7 November 2007.

Sir Graham Hearne
Chairman
22 October 2007

Shipbroking

The average Baltic Dry Index (BDI) for the six months ended 31 August 2007 was 6,146 (first half of 2006/7: 2,837) with all market sectors considerably up on last year. The BDI currently stands at 10,798 which is a record high, driven by high demand for tonnage, particularly for the transportation of iron ore to China.

The volume of business transacted by our dry cargo offices has improved markedly. Moreover a significant number of long-term time charters have been concluded such that the dry cargo chartering element of the forward book is now at its highest ever level.

We continue to increase our presence in Singapore which has become a major centre for shipowning and a significant hub for cargo interests in Asia. Prospects for the remainder of the financial year remain positive as demand will continue to be strong in the foreseeable future.

Our deep-sea tanker chartering desk has increased the number of transactions concluded, though rates have generally softened over the course of the half as newbuildings have been delivered into the market.

The continuing rise in oil demand by China and India is maintaining crude oil shipments to the region and with western inventories still relatively low an increase in oil shipments is expected. The steady rise of crude oil prices since the beginning of the year has adversely affected refining margins and in turn the product trades. This combined with new tonnage coming on stream has served to reduce the product carrier rates.

Activity levels in the specialised chemical chartering market were quite variable during the first quarter of the year as the market came to terms with new regulations, but since then rates have stabilised. Freight rates, particularly for the more sophisticated vessels, have been relatively strong and this is not expected to change significantly over the forthcoming months, but the introduction of new tonnage means that an increase in volumes will be required to maintain current rates.

Rates in the LPG chartering market have been strengthening since the beginning of the year due to increasing volumes being moved. Ethylene carried in LPG vessels from the Middle East to South East Asia for the production of plastics has been particularly active.

LNG chartering has increased recently and voyage rates have risen from the low levels seen at the beginning of the year. The winter months may create further demand and again improve trading conditions. Looking ahead, many of the delayed LNG facilities projects are now under construction and completion dates are becoming more visible which should absorb the newbuilding tonnage delivering on schedule. We are building a dedicated presence in LNG based on our belief that LNG will be a major energy market in the future.

Vessel values have remained very firm particularly for bulk carriers where record prices have been set reflecting the ship's earning capability. Sale and purchase activity has generally favoured newbuildings where we have been involved in placing our highest ever number of orders, a significant proportion of which will be for the benefit of future years' earnings. Second hand and demolition activity has seen a reasonable deal flow, though at similarly high prices.

Our container desk has enjoyed a period of strong activity for both sale and purchase and the chartering business with freight rates and vessel values remaining relatively firm so far in 2007. The rise in container newbuilding tonnage coming into the market should offer plenty of opportunities, though conceivably at lower rates if demand growth slows.

The offshore desk has continued to perform well benefiting from the high level of oil exploration activity. Day rates for the hire of supply vessels have been at historically high levels and these look set to continue while the price of oil remains high. The rise in earnings in the industry has also provided a stimulus to sale and purchase activity and investment in newbuildings.

Technical services – Wavespec and Falconer Bryan

Revenue and profits for the half year grew steadily mainly in respect of work on the Qatargas LNG supervision contract which has now been extended until 2010. While LNG carrier construction remains strong we are currently making strenuous efforts to increase our activities in the areas of offshore, dynamic positioning and failure mode and effect analysis where there is potential for long-term growth. We have recently been successful in winning three further projects in these areas.

We significantly increased our presence in this market through the acquisition of Falconer Bryan on 7 July 2007. Services provided to the marine and energy industries include loss prevention surveys, such as towage and transport approvals, location approvals and location moves for mobile offshore drilling units and associated naval architectural/structural engineering support and energy loss adjusting investigation services resulting from an insurable incident. The Group operates from offices in Singapore, Indonesia, Malaysia, Vietnam, China, India and Australia with a skilled work force, the majority of whom are either class 1 mariners/engineers, structural engineers, naval architects or loss adjusters. The skill sets are similar to those at Wavespec which should prove advantageous as the business develops within the Group.

During its first few months as part of the Group, Falconer Bryan's trading has been in line with expectations and we are encouraged by the new opportunities we are seeing for the development of its business.

Logistics – Cory Brothers

Cory's forwarding business increased both revenue and profits through increased project work and growth at Planetwide which was acquired at the end of 2005. Ship agency has performed steadily although the recent change of ownership of a refinery saw some reduction in activity in the period. This is expected to improve in the second half due to the opening of a new office at Immingham and as the full benefit of new contract business comes through.

Environmental services – DV Howells

DV Howells has had a very busy period with a significant increase in man hours worked. In addition to its regular business performing specialist environmental clean up and consulting services, mainly in respect of ports, rail and roads in the UK, it has been closely involved with the stricken container ship off the coast of Devon and in particular the protection and clean up of the beaches and of the containers. Most of this work has now been concluded.

Bunker trading

Bunker trading activities, which were based in Australia, ceased in September 2007. There will be a small revenue contribution in the second half for the final month's trading but thereafter the activity is discontinued.

Financial

A comparison of the Group's reported profits and earnings and a more meaningful like-for-like comparison is shown in the table below:

	First half 2007/8 £'000	First half 2006/7 £'000	Change %
Profit before impairment charge and tax	**7,116**	5,023	+42%
Impairment charge	–	(950)	
Reported profit before tax	**7,116**	4,073	+75%
	Pence	Pence	
Basic EPS (pre impairment charge)	**23.66**	16.88	+40%
Impairment charge	–	(4.85)	
Basic EPS	**23.66**	12.03	+97%

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 August 2007 was $2.02/£ (Interim 2006/7: $1.81/£, Full Year 2006/7: $1.86/£). The rate of translation at 31 August 2007 was $2.02/£.

Net cash was £11.1m at 31 August 2007 compared with net cash of £14.6m as at 28 February 2007. Cash balances increased by £1.7m in respect of amounts held within Falconer Bryan at acquisition. In September 2007, the Group paid £3.4m, being the balance of consideration due to the Falconer Bryan vendors in respect of cash and working capital acquired with the business. 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 and full year dividend relating to the prior year.

Alan Marsh
Chief Executive
22 October 2007

Consolidated income statement (unaudited)

Continuing operations	Notes	Six months to 31 Aug 2007 £'000	Six months to 31 Aug 2006 £'000	Year ended 28 Feb 2007 £'000
Revenue	4	**68,686**	50,512	107,200
Cost of sales		**(35,719)**	(27,194)	(53,529)
Gross profit		**32,967**	23,318	53,671
Operating costs		**(26,188)**	(19,531)	(44,121)
Impairment of goodwill		**–**	(950)	(950)
Operating costs excluding impairment of goodwill		**(26,188)**	(18,581)	(43,171)
Operating profit	4	**6,779**	3,787	9,550
Finance income		**245**	148	335
Finance costs		**(8)**	(4)	(16)
Share of post-tax profit from joint ventures		**100**	142	207
Profit before taxation		**7,116**	4,073	10,076
Taxation	5	**(2,323)**	(1,657)	(3,604)
Profit for the period		**4,793**	2,416	6,472
Attributable to:				
Equity holders of the parent		**4,713**	2,357	6,367
Minority interest		**80**	59	105
		4,793	2,416	6,472
Earnings per ordinary share	7			
Basic – pence		**23.66**	12.03	32.29
Diluted – pence		**23.48**	11.84	31.87

Consolidated balance sheet (unaudited)

	Notes	As at 31 Aug 2007 £'000	As at 31 Aug 2006 £'000	As at 28 Feb 2007 £'000
Assets				
Non-current assets				
Goodwill		**24,218**	22,259	22,606
Other intangible assets		**2,254**	1,462	1,582
Property, plant and equipment		**5,771**	5,349	5,478
Investments		**1,535**	1,481	1,538
Deferred tax assets		**644**	566	642
Other receivables		**60**	76	81
		34,482	31,193	31,927
Current assets				
Inventories		**70**	–	70
Trade and other receivables		**28,394**	18,732	21,750
Financial assets				
– Derivative financial instruments		**77**	473	27
Restricted cash		**–**	4,946	–
Cash and cash equivalents		**11,122**	8,134	14,634
		39,663	32,285	36,481
Total assets		**74,145**	63,478	68,408
Liabilities				
Current liabilities				
Trade and other payables		**32,264**	21,831	29,011
Current tax payable		**3,099**	2,362	2,402
Provisions	9	**277**	210	294
Client monies held as escrow agent		**–**	4,946	–
		35,640	29,349	31,707
Non-current liabilities				
Deferred tax liabilities		**287**	239	283
Provisions	9	**40**	433	169
		327	672	452
Total liabilities		**35,967**	30,021	32,159
Net assets		**38,178**	33,457	36,249
Equity				
Share capital	10	**2,049**	2,014	2,023
Capital redemption reserve		**396**	396	396
Share premium	10	**9,001**	8,434	8,554
Merger reserve		**21,346**	21,346	21,346
Shares to be issued		**(1,844)**	(997)	(1,047)
Other reserves		**(936)**	(344)	(722)
Retained earnings		**7,842**	2,278	5,390
Total shareholders' equity		**37,854**	33,127	35,940
Minority interest		**324**	330	309
Total equity		**38,178**	33,457	36,249

Consolidated cash flow statement (unaudited)

	Notes	Six months to 31 Aug 2007 £'000	Six months to 31 Aug 2006 £'000	Year ended 28 Feb 2007 £'000
Profit before tax for the period		**7,116**	4,073	10,076
Adjustments for:				
– Depreciation		**312**	232	518
– Amortisation		**189**	62	284
– Goodwill impairment charge		**–**	950	950
– Profit on sale of investments		**(93)**	–	–
– Profit on sale of property, plant and equipment		**–**	–	(12)
– Finance income		**(245)**	(148)	(335)
– Finance expense		**8**	4	16
– Share of post-tax profit of joint ventures		**(100)**	(142)	(207)
– Share-based payments		**190**	145	309
Changes in working capital				
– Inventory		**–**	–	7
– Trade and other receivables		**(4,166)**	(625)	(3,874)
– Trade and other payables		**(747)**	(5,336)	2,098
– Provisions		**(145)**	14	(162)
Cash generated from operations		**2,319**	(771)	9,668
Interest received		**245**	148	335
Interest paid		**(8)**	(4)	(16)
Tax paid		**(1,904)**	(1,670)	(3,413)
Net cash generated from/(used in) operating activities		**652**	(2,297)	6,574
Cash flows from investing activities				
Dividends received from joint ventures		**–**	145	263
Acquisition of subsidiaries, net of cash acquired	11	**(931)**	(1,132)	(1,844)
Purchase of property, plant and equipment	8	**(561)**	(246)	(654)
Proceeds from sale of property, plant and equipment		**7**	–	25
Sale of investments		**191**	–	–
Other long-term receivables		**21**	(18)	(23)
Net cash used in investing activities		**(1,273)**	(1,251)	(2,233)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**473**	414	569
Dividends paid	6	**(2,451)**	(2,255)	(3,595)
Dividends paid to minority		**(65)**	–	(100)
Purchase of own shares		**(797)**	–	(50)
Payment of principal under finance leases		**–**	(11)	(11)
Net cash used in financing activities		**(2,840)**	(1,852)	(3,187)
(Decrease)/increase in cash and cash equivalents		**(3,461)**	(5,400)	1,154
Cash and cash equivalents at beginning of the period		**14,634**	13,567	13,567
Foreign exchange differences		**(51)**	(33)	(87)
Cash and cash equivalents at end of the period		**11,122**	8,134	14,634

Condensed consolidated half-yearly statement of changes in equity
(unaudited)

	Notes	Share capital, share premium and capital redemption reserve £'000	Merger reserve, shares to be issued and other reserves £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
At 28 February 2006		10,430	20,396	2,031	32,857	–	32,857
Cash flow hedges		–	364	–	364	–	364
Exchange differences		–	(17)	–	(17)	–	(17)
Net income recognised directly in equity		–	347	–	347	–	347
Profit for the period		–	–	2,357	2,357	59	2,416
Total recognised income for the half year		–	347	2,357	2,704	59	2,763
Acquisition		–	–	–	–	271	271
Dividends paid	6	–	–	(2,255)	(2,255)	–	(2,255)
Issue of shares		414	–	–	414	–	414
Consideration to be paid		–	(738)	–	(738)	–	(738)
Credit in respect of share option schemes		–	–	145	145	–	145
At 31 August 2006		10,844	20,005	2,278	33,127	330	33,457
At 28 February 2007		10,973	19,577	5,390	35,940	309	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		473	–	–	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
At 31 August 2007		**11,446**	**18,566**	**7,842**	**37,854**	**324**	**38,178**

Unaudited notes to the financial information
for the six months ended 31 August 2007

1. General information
The Company is a limited liability company incorporated and domiciled in the UK and listed on the London Stock Exchange. The address of its registered office is 35 Cosway Street, London NW1 5BT.

The condensed consolidated half-yearly financial information was approved on 22 October 2007 for issue on 23 October 2007.

These interim financial results do not compromise statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 28 February 2007 were approved by the Board of Directors on 10 May 2007 and delivered to the Registrar of Companies. 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
This condensed consolidated half-yearly financial information for the half-year ended 31 August 2007 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 2007, which have been prepared in accordance with IFRSs as adopted by the European Union.

3. Accounting policies
The accounting policies are consistent with those of the annual financial statements for the year ended 28 February 2007, as described in those annual financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 29 February 2008.

- IFRIC 8, 'Scope of IFRS 2', effective for annual periods beginning on or after 1 May 2006. This interpretation has not had any impact on the recognition of share-based payments in the Group.

- IFRIC 9, 'Reassessment of embedded derivatives', effective for annual periods beginning on or after 1 June 2006. This interpretation has not had a significant impact on the reassessment of embedded derivatives as the Group already assessed if embedded derivatives should be separated using principles consistent with IFRIC 9.

- IFRIC 10, 'Interims and impairment', effective for annual periods beginning on or after 1 November 2006. This interpretation has not had any impact on the timing or recognition of impairment losses as the Group already accounted for such amounts using principles consistent with IFRIC 10.

- IFRS 7, 'Financial instruments: Disclosures', effective for annual periods beginning on or after 1 January 2007. IAS 1, 'Amendments to capital disclosures', effective for annual periods beginning on or after 1 January 2007. IFRS 4, 'Insurance contracts', revised implementation guidance, effective when an entity adopts IFRS 7. As this interim report only contains condensed financial statements, and as there are no material financial instrument related transactions in the period, full IFRS 7 disclosures are not required at this stage. The full IFRS 7 disclosures, including the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1, will be given in the annual financial statements.

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions', effective for annual periods beginning on or after 1 March 2007. Management does not expect this interpretation to be relevant for the Group.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ending 29 February 2008 and have not been early adopted:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009, subject to EU endorsement. Management is currently gathering information to make a revision to the Group's geographical segments. Management does not currently foresee any changes to the Group's business segments.

- IAS 1 (Revised) – 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009.

- IAS 23 (Revised) – 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009.

- IFRIC 12, 'Service concession arrangements', effective for annual periods beginning on or after 1 January 2008. Management does not expect this interpretation to be relevant for the Group.

- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008.

- IFRIC 14, 'IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', effective for annual periods beginning on or after 1 January 2008.

None of the above standards are expected to have any impact on the Group.

4. Segmental information

	Six months to 31 Aug 2007 £'000	Six months to 31 Aug 2006 £'000	Year ended 28 Feb 2007 £'000
Revenue			
Shipbroking	**23,879**	17,348	40,530
Logistics	**12,013**	10,904	23,449
Technical services (1)	**3,774**	3,191	6,623
Environmental services	**7,004**	1,121	3,229
	46,670	32,564	73,831
Bunker trading	**22,016**	17,948	33,369
	68,686	50,512	107,200
Operating profit			
Shipbroking	**4,793**	3,828	8,749
Goodwill impairment charge – shipbroking	**–**	(950)	(950)
	4,793	2,878	7,799
Logistics	**432**	588	911
Technical services (1)	**316**	245	553
Environmental services	**1,226**	68	225
Bunker trading	**12**	8	62
	6,779	3,787	9,550

(1) The results for Falconer Bryan Pte Limited for the period from the date of acquisition to 31 August 2007 are included in Technical Services (see Note 11).

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 2007 £'000	Six months to 31 Aug 2006 £'000	Year ended 28 Feb 2007 £'000
Interim dividend 6.75 pence per share	**–**	–	1,340
Final dividend 12.25 pence (2006: 11.5 pence) per share	**2,451**	2,255	2,255
	2,451	2,255	3,595

The Directors have declared an interim dividend of 8.00 pence per ordinary share, payable on 11 December 2007 to shareholders on the register on 9 November 2007.

7. Earnings per share

	Six months to 31 Aug 2007 £'000	Six months to 31 Aug 2006 £'000	Year ended 28 Feb 2007 £'000
Earnings – continuing operations	**4,713**	2,357	6,367
Goodwill impairment charge	**–**	950	950
Earnings before goodwill impairment charge	**4,713**	3,307	7,317

	Pence	Pence	Pence
Earnings per share	**23.66**	12.03	32.29
Goodwill impairment	**–**	4.85	4.82
Earnings before goodwill impairment charge	**23.66**	16.88	37.11

	Shares	Shares	Shares
Weighted average number of ordinary shares	**19,922,544**	19,586,694	19,715,846
Dilutive effect of share options	**153,532**	326,503	264,693
Diluted weighted average number of ordinary shares	**20,076,076**	19,913,197	19,980,539

8. Capital expenditure

	Goodwill, tangible and intangible assets £'000
Six months ended 31 August 2006	
Opening net book amount at 1 March 2006	27,976
Acquisition of a subsidiary	2,103
Additions	246
Depreciation, amortisation, impairment and other movements	(1,255)
Closing net book amount at 31 August 2006	29,070
Six months ended 31 August 2007	
Opening net book amount at 1 March 2007	29,666
Acquisition of a subsidiary (see Note 11)	2,524
Additions	561
Disposals	(7)
Depreciation, amortisation, impairment and other movements	(501)
Closing net book amount at 31 August 2007	**32,243**

In addition to the movements disclosed above, in the six months ended 31 August 2007, the Group reduced its interest in London Tankers Brokers' Panel to 16.7% following the sale of 200 shares for consideration of £200,000.

9. Provisions

	Onerous lease £'000	Employee entitlements £'000	Total £'000
At 1 March 2006	577	54	631
Foreign exchange	–	(3)	(3)
Charged in the year	36	–	36
Utilised in the year	(21)	–	(21)
At 31 August 2006	592	51	643

	Onerous lease £'000	Employee entitlements £'000	Total £'000
At 1 March 2007	418	45	463
Foreign exchange	–	(4)	(4)
Released in the year	(86)	(25)	(111)
Utilised in the year	(132)	–	(132)
Reclassification from accruals	–	101	101
At 31 August 2007	**200**	**117**	**317**

Provisions have been analysed between current and non-current as follows:

	31 Aug 2007 £'000	31 Aug 2006 £'000	28 Feb 2007 £'000
Current	**277**	210	294
Non-current	**40**	433	169
	317	643	463

10. Share capital

	Number of shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 March 2006	19,877	1,988	8,046	10,034
Issues – share option schemes	275	26	388	414
At 31 August 2006	20,152	2,014	8,434	10,448
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**

The Group's ESOP trust acquired 197,900 of the Company's shares through purchases on the London Stock Exchange at dates between 15 May 2007 and 27 July 2007 at prices ranging between 383 and 417 pence. The total amount paid to acquire the shares was £797,000 and has been deducted from shareholders' equity.

During the six months ended 31 August 2007, 262,916 shares were issued at prices ranging between 137 and 314 pence between 9 March 2007 and 31 August 2007 for aggregate proceeds of £473,000.

11. Acquisitions

On 7 July 2007 the Company acquired 100% of the share capital of Falconer Bryan Pte Limited for a cash consideration of £5.9m.

The acquired business contributed revenues of £647,000 and a net profit before amortisation of £66,000 to the Group for the period from acquisition to 31 August 2007. The results of operations as if the acquisition had been made at the beginning of the year would have been revenues of £2.5m and profit before tax of £335,000.

Details of net assets acquired and goodwill are set out below. The goodwill is attributable to Falconer Bryan's skilled engineering staff. The Group has yet to finalise the amount of the fair value of the identifiable assets acquired.

	£'000
Purchase consideration	
– cash paid	2,443
– cash payable	3,370
– acquisition expenses	96
Total purchase consideration	5,909
– fair value of identifiable assets acquired (see below)	4,296
Goodwill	1,613

	Acquiree's carrying amount £'000	Provisional fair value £'000
Cash and cash equivalents	1,732	1,732
Property, plant and equipment	50	50
Customer relationships	–	861
Receivables	2,538	2,538
Payables	(900)	(900)
Net deferred tax assets	15	15
Net identifiable assets acquired	3,435	4,296

Outflow of cash to acquire the business, net of cash acquired:	
– cash consideration	2,443
– cash and cash equivalents in subsidiary acquired	(1,732)
– acquisition expenses	96
Cash outflow on acquisition	806

In addition, £125,000 was paid in respect of deferred cash consideration on previous acquisitions.

On 28 September 2007, the Group paid £3.4m, being the balance of consideration due to the Falconer Bryan vendors in respect of cash and working capital acquired with the business.

In respect of the businesses acquired by the Group in the year ended 28 February 2007, the only adjustment since the publication of the accounts for that year is to adjust the Gorman Cory deferred contingent consideration to £959,000 (2007: £738,000).

12. Related party transactions

Key management compensation amounted to £0.7m for the six months ended 31 August 2007 (31 August 2006 – £0.5m).

	31 Aug 2007 £'000	31 Aug 2006 £'000
Salaries and other short-term benefits	**603**	424
Social security costs	**66**	49
Pension contributions	**27**	26
Share-based payments	**27**	7
	723	506

The above table does not include any bonus awards as they have not been individually determined.

Statement of Directors' responsibilities

The Directors confirm that this set of financial statements 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.

The Directors of Braemar Shipping Services plc are listed in the Braemar Shipping Services plc Annual Report for the year ended 28 February 2007.

By order of the Board

A. R. W. Marsh, Chief Executive

J. R. V. Kidwell, Finance Director

Independent review report to Braemar Shipping Services plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 August 2007 which comprises the consolidated balance sheet as at 31 August 2007 and the related consolidated income statement, consolidated cash flow statement and condensed consolidated half-yearly statement of changes in equity for the six months then ended and related notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The half-yearly 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 1, the annual financial statements of Braemar Shipping Services plc are prepared in accordance with IFRSs as adopted by the European Union. The financial information 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.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. 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.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 August 2007.

PricewaterhouseCoopers LLP
Chartered Accountants
West London
22 October 2007

1 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.

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

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