BRAEMAR SHIPPING SERVICES PLC
("Braemar", the "Company" or the "Group")

16 June 2020

Preliminary Results for the year ended 29 February 2020

Improved Performance in volatile markets

Braemar Shipping Services plc (LSE: BMS), a leading international provider of shipbroking, financial advisory, logistics and engineering services to the shipping and energy industries, today announces its preliminary results for the year ended 29 February 2020.

Highlights

- Continued improvement in underlying performance, with a 2.5% increase in revenue and 5.5% increase in underlying operating profit
- Very strong performance for Shipbroking, well ahead of expectations
- Despite continued growth in client retainers and Group collaboration the Financial Division performance was subdued due to market conditions
- Opportunities and prospects for Financial Division continue to improve
- Logistics Division well set to be a consolidator following completion of strategic review
- Decision not to recommend a final dividend, reflecting the ongoing uncertainties surrounding COVID-19

SUMMARY FINANCIAL RESULTS

	Underlying Results		**Reported Results**	
	2019/2020	**2018/19**	**2019/20**	**2018/19**
Revenue	£120.8m	£117.9m	£120.8m	£117.9m
Operating Profit / (loss)	£9.6m	£9.1m	£6.3m	£(2.7)m
Profit/(Loss) for the year	£7.8m	£7.2m	£4.0m	£(27.4)m
Basic Earnings / (loss) per Share	24.94p	23.32p	12.88p	(88.63)p
Full Year Dividend per Share	5.0p	15.0p	5.0p	15.0p
Net cashflow from operations	10.3m	6.1m	10.3m	6.1m
Net debt	20.0m	7.8m	20.0m	7.8m

Specific Items	**2019/20**	**2018/19**
Acquisition and disposal related expenditure	£(2.0)m	£(11.1)m
One off costs relating to Board changes and restructuring	£(1.3)m	£(0.8)m
Specific item operating loss	£(3.3)m	£(11.8)m
Gain on revaluation of investment		£0.5m
Finance costs associated with acquisitions	£(0.5)m	£(0.8)m
Total Specific items before tax	£(3.1)m	£(12.0)m

Discontinued Operations	**2019/20**	**2018/19**
Loss from discontinued operations	£0.9m	£22.7m

Ronald Series, Executive Chairman of Braemar, commenting on the performance and the outlook said:

"I am pleased to report that the year to 29 February 2020 was a successful one for Braemar, with the Group's underlying performance from continuing operations during the year achieving an appreciable improvement over the previous year.

"Shipbroking delivered an excellent performance, well ahead of our expectations, with underlying operating profit of £11.7 million, up 26% over the previous year.

"We have started this year positively, particularly in Shipbroking, with current trading well supported by a strong forward order book and we look forward to the future with cautious optimism."

This announcement contains inside information as defined under the Market Abuse Regulation (EU) No. 596/2014.

Forward-looking statements

Where this announcement contains forward-looking statements, these are based on current expectations and assumptions and only relate to the date on which they are made. These statements should be treated with caution due to the inherent risks, uncertainties and assumptions underlying any such forward-looking information. The Group cautions investors that a number of factors, could cause actual results to differ materially from those expressed or implied in any forward-looking statement.

Forward-looking statements in this announcement include statements regarding the intentions, beliefs or current expectations of our Directors, officers and employees concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Neither the Group, nor any of the Directors, officers or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Undue reliance should not be placed on these forward-looking statements. Other than in accordance with our legal and regulatory obligations, the Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

-Ends-

A presentation for analysts will be held at 10.00am today via conference call, please contact the team at Buchanan for details on braemar@buchanan.uk.com.

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Alternative Profit Measures ("APMs")

Braemar uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information to investors and other interested parties. Our APMs include underlying operating profit and underlying earnings per share. Explanations of these terms and their calculation are shown in the summary above and in detail in our Financial Review.

About Braemar Shipping Services plc

Braemar Shipping Services plc is a leading international provider of shipbroking, financial advisory, logistics and engineering services to the shipping and energy industries. Founded in 1972, Braemar employs approximately 530 people in 28 offices worldwide across its Shipbroking, Financial, Logistics and Engineering divisions. Braemar joined the Official List of the London Stock Exchange in November 1997 and trades under the symbol BMS. For more information, including our investor presentation, visit www.braemar.com

PRELIMINARY ANNOUNCEMENT – YEAR ENDED 29 FEBRUARY 2020
CHAIRMAN'S STATEMENT

I am pleased to report that the year to 29 February 2020 was a successful year for Braemar, despite being a challenging period. The Group's underlying performance from continuing operations achieved an appreciable improvement over the previous year.

Since the year end, the impact on our operations, our people and our clients due to the COVID-19 outbreak has of course become a major consideration for us. However, we are pleased that we have been able to continue operating and servicing our clients at a very high level during this time, whilst maintaining a priority focus on the health and safety of all our employees and their families.

The resilience of our established cloud-based IT operating systems has been instrumental in enabling our staff to work from home where necessary, in line with Government guidelines in the relevant countries in which we operate, whilst maintaining our focus on successfully not only meeting but also exceeding our clients' needs and expectations.

Shipbroking produced another excellent performance for the year under review, showing just how the growth of our capabilities, including the establishment of a presence in Athens, has enabled Braemar to provide enhanced services to our clients. Shipbroking's result was well ahead of expectations, and its forward order book has grown from $43 million at 1 March 2019, to $50 million at 1 March 2020, and has continued to grow since that date.

Our shipbroking expertise lies at the centre of most of what Braemar does. It facilitates the combining of our areas of expertise to enable Braemar to offer comprehensive advice both in shipping investment and risk management – a "One Braemar" approach. In a volatile shipping world, Braemar provides expertise, dedication, and perseverance to our clients to enable them to minimise their risks and maximise their returns.

During the last financial year, we completed the disposal of the loss-making offshore, marine and adjusting businesses within our Technical Division to Aqualis ASA, leading to the formation of AqualisBraemar ASA ("AqualisBraemar"), which is listed on the OSLO Bourse. This transaction was announced on 13 May 2019 and completed on 21 June 2019, and with it, Braemar became the largest shareholder in AqualisBraemar with a 27% holding. We are encouraged by the prospects for our investment in AqualisBraemar and we look forward to working with the AqualisBraemar Board to grow that business further in the coming years.

This disposal was one of the key decisions made by the Board in the financial year, as part of which the Board considered its duties under section 172 of the Companies Act 2006. The Board felt that the AqualisBraemar management team had the requisite skill-set to deliver longer-term growth and profitability for the businesses for the continued benefit of Braemar's shareholders. Furthermore, it felt that the combined entity would be well-placed to continue to offer high service standards to its customers, and that the transaction was the best strategic option for the business' employees. The newly formed business is already demonstrating its ability to deliver profitable growth, highlighted in the recent positive Q1 results reported to the OSLO Bourse.

We noted in last year's Annual Report that when we sold three out of the four business units comprising our Technical Division, we decided to retain the Engineering business. This was mainly because the services offered by the Engineering business to the LNG industry have a close working relationship with our Shipbroking Division. We are pleased to report that Engineering's relationship with our Financial Division is also developing positively, enabling us to also offer financial services to Engineering clients.

Our Financial Division, Braemar Naves, had a busy but challenging year, with a number of transaction-based success fee mandates not proceeding to completion. However, the business made good progress with retainer-based advisory fees, particularly in the restructuring advisory space and the number of mandated clients has continued to grow. As noted above, by working together with our Engineering Division, a number of opportunities for financing various engineering projects on a world-wide basis are being developed. The Singapore office developed well during the year, with a number of new client mandates being taken on.

During the last financial year, we also conducted a strategic review of our Logistics Division, Cory Brothers, to determine the optimum future strategy for our investment in this sector. Cory Brothers, acquired by Braemar in 2003, has a proud and long record stretching back to its founding in Cardiff in 1842. We have determined that, in the current market, taking into account the probable impact of the COVID-19 pandemic, the opportunities potentially to be provided by Brexit, and the likelihood of some consolidation within the Agency market, our investment in Cory Brothers should be maintained.

We will continue to improve the operations of this Division and to look for opportunities to grow its business within the UK, as well as internationally. The successful restructuring of certain areas of the Logistics Division during the year reduced its operating costs, improved its technology base, and provided a platform from which to participate in possible consolidation within the industry and to grow this business in future years.

Finally, we are currently undertaking a strategic review of the Engineering Division to enable us to refine our future strategy for this remaining part of the Technical Division. We anticipate that this review will be finalised during the second half of 2020.

RESULTS FOR THE YEAR
Revenue from continuing operations for the year was 2.5% higher at £120.8 million compared with £117.9 million in 2018/19. Underlying operating profit from continuing operations was 5.5% higher at £9.6 million compared with £9.1 million in 2018/19 and underlying earnings per share were 24.94 pence compared with 23.32 pence last year. All of these figures exclude the Technical Division business units that were sold to AqualisBraemar in the transaction that completed in June 2019, which are treated as discontinued operations for this purpose. There was a reported profit for the year from continuing operations of £3.9 million

(2019: loss of £4.7 million) after taking into account other specific items of £3.1 million (2019: £12.0 million), mainly due to acquisition and disposal related expenditure which are further detailed in the Financial Review

The Shipbroking Division performed extremely well achieving an operating profit of £11.7 million (£9.3 million), which showed growth of 26% on revenue that grew by 9% to £82.4 million (2019: £75.7 million). This growth was largely driven by the Tankers desk (both deep sea and specialised) particularly in the second half of the year, but all desks had a good year. The forward order book grew by 16% to $50 million as at 1 March 2020 (2019: $43 million) and with a higher proportion due to be delivered in the next twelve months than was the case last year. The order book has continued to grow since the year-end.

Our Financial Division, which was created following the acquisition of NAVES Corporate Finance GmbH in September 2017, had a disappointing year. Although it remained very active, revenues fell from £7.0 million in 2019 to £5.9 million this year due to lower levels of transaction related fees. Operating profits were £1.1 million, down from £2.1 million in the year to 28 February 2019.

Cory Brothers, our Logistics Division underwent a year of restructuring and cost management that delivered increased profits at £1.0 million (2019: £0.8 million) despite revenue that reduced by 9% to £29.3 million (2019: £32.1 million).

Our Engineering Division reported a loss of £1.4 million (2019: £0.2 million) from flat revenues and full provisions for historic bad debts, in what was a year of disruption due to the sale of the rest of the Technical Division.

There was a loss for the year from discontinued operations of £0.9 million (2019: £22.7 million), which resulted from the trading loss made by the assets disposed of to AqualisBraemar in June 2019, whilst still in Braemar's ownership. Reported profit for the year was £4.0million (2019: Loss £27.4 million).

STRATEGY

In recent years, Braemar's business has been directed at meeting the growing expectation from our clients for an integrated, comprehensive service offering which can meet many (if not all) of their needs Braemar's depth and breadth of experience, coupled with its integrated, comprehensive expert advice, market research and intelligence , enables our experienced Chartering and Sale and Purchase brokers to partner with our professional specialists in corporate finance, derivatives, engineering and technical consultancy to facilitate superior outcomes for our clients – the "One Braemar" approach. We are committed to developing and maintaining long-term relationships with our clients, to assist them in maximising their opportunities, whilst minimising their costs and risk.

The Shipbroking Division's ongoing strategy of growing its capability into new geographies and into new areas of business has continued to provide positive momentum to its performance. We have recruited selectively in areas in which we wish to grow, whilst at the same time encouraging our younger talent to develop within our expanding business. The promotion of several of our younger brokers into newly introduced Associate Director positions has been positively received.

This year is the second full year of ownership of the Braemar Naves corporate finance business, which continued to grow and to interface more closely with the Shipbroking Division, delivering a tailored experience for our clients pursuant to our "One Braemar" strategy. However, due to the state of the shipping financial markets, Braemar Naves was not able to achieve the level of transaction fees that we had been expecting. Nonetheless, it continued to increase the number of retainer-based clients and has developed a healthy pipeline of prospects. We expect Braemar Naves to perform more strongly in the year ahead, particularly as the business was founded on the back of the distressed debt markets following the Financial Crisis in 2008.

The year proved to be a challenging one for Cory Brothers, our Logistics Division, with a restructuring and cost cutting exercise being actioned. Whilst this meant that its performance was ahead of the prior year, but behind budget for this year, it nonetheless showed its resilience. Our strategic review completed recently confirmed that there are a number of opportunities for consolidation in the Agency market. Cory Brothers, with its strong pedigree and long history, combined with its continuing improvement in IT systems, is well-placed to participate in this market. In addition, due to the nature of the markets in which it operates, it achieves a good return on the capital employed, even though its operating margin is relatively low.

As mentioned above, our strategy for the future development of our Engineering Division, Wavespec, is currently under review, and we will announce the results of this in due course.

The combination of the bulk of our Technical Division's business with the business of Aqualis created AqualisBraemar, a market leader in offshore, marine, adjusting and renewables (particularly Offshore Wind), with global coverage. With our 27.3% holding potentially rising to 33% (depending on the conversion of our performance-related warrants measured over the two-year period to 31 March 2021), we have a very strong investment platform from which to grow our participation in these markets. There is a very experienced management team at AqualisBraemar, which has been appropriately incentivised to grow the reach and profitability of that business, enabling Braemar to benefit still further.

DIVIDEND

On 23 April 2020, we announced that the Board would not be recommending a final dividend for the year to 29 February 2020. In reaching this decision, the Board considered a number of matters, including those set out in section 172 of the Companies Act 2006. The decision was made against the background of the COVID-19 outbreak, and the uncertainty of the extent and duration of its impact on Braemar's operating performance. The Board needed to balance a final dividend declaration against the potential longer-term consequences of reducing the Company's cash reserves available to support any impact on trading, and the potentially competing demands of other stakeholders and alternative opportunities for investing these funds to grow the business. At the time of producing this statement, many parts of the world are still in varying states of business and social lockdown and so it is still too early to determine the full impact of the outbreak. Although current trading is not yet showing any further evidence of decline, we believe it will be some time before we are able to know the full effects with confidence.

It remains the Board's intention to return to paying a dividend once the economic outlook is more certain, and provided that the Company's financial position supports this.

BOARD OF DIRECTORS
There were a number of changes to the Board during the financial year.

As reported in the 2019 Annual Report, I was appointed to the Board as Chairman on 15 April 2019 when David Moorhouse retired, and Nick Stone was appointed as Group Finance Director on 1 April 2019. On 27 July 2019, James Kidwell retired after serving on the Board for seventeen years, spending ten years as Group Finance Director, and seven years as Chief Executive. On behalf of the Board, I would like to take this opportunity to thank David and James for their contributions.

As announced at the time of James' retirement, the Board requested that I take on the role of Executive Chairman on an interim basis, whilst we determined the future structure and direction of the business. It has always been the Board's intention to appoint a new Chief Executive Officer when the time is right and we will update shareholders when there is progress in this matter.

On 15 June 2020, the Board appointed Nick Stone to the position of Group Chief Operating Officer, which responsibility he will fulfil alongside his current role of Group Finance Director. On behalf of the Board, I congratulate Nick on this well-earned appointment, and look forward to his continuing the significant contribution that he has made to the Group since his appointment as Group Finance Director.

COLLEAGUES
On behalf of the Board, I would like to express our sincere thanks and congratulations to all of our employees who have "gone the extra mile" for colleagues and clients during these unprecedented times. We know that it has not been easy, with many family, personal and business issues providing day to day conflicts, but we are extremely proud of the way our people have responded to the challenges created by the onset of COVID-19.

Braemar's people are its key ingredients in value creation, and we are committed to the ongoing development of our staff. Their career growth is a key part of our succession planning.

OUTLOOK
To grow the Braemar brand still further, and to increase market awareness and understanding of the range of services that Braemar offers to its clients, we are currently engaged in the early stages of a review of our global branding, marketing and communications strategy. This will ensure that we maximise the opportunity from operating as "One Braemar" across the Group and will be of benefit to all Group operations.

Our Shipbroking Division has started the current year reasonably strongly, with high levels of activity in some of its markets, more than offsetting a slow-down in certain other areas. We expect the market to remain volatile for the rest of the year, and for the Shipbroking Division to continue to win business and grow market share during this period, as we continue to invest in our people and to expand into areas of opportunity. With the start to the year that we have already experienced, and with the strong outlook ahead, we are optimistic that the Shipbroking Division will have another good performance this year.

The Financial Division continues to develop and strengthen its reputation, and to grow into more geographies, benefiting from belonging to the broader Group. The current disruption in the value of shipping portfolios, particularly in the cruise liner market, offers additional opportunities for growth for our strategic and restructuring advice. We expect the Financial Division to show an improvement this year.

The Logistics Division has opportunities to advance in the current climate and is well-positioned for post Brexit supply chain support and to play a role in the likely consolidation that will take place in the Ships Agency market.

The Engineering Division has positive longer-term prospects, particularly in the LNG sector, although the impact of COVID-19 has disrupted certain of its nearer-term prospects. However, the combination of our Engineering expertise with our Shipbroking and Financial skills, positions it well for providing comprehensive consulting advice to our clients.

The AqualisBraemar business is now re-balanced for growth, and with the continuing drive for improved profitability and cash generation by the strong management team, we look forward to an improved performance in 2020/2021. There are good opportunities for further consolidation in this sector, and AqualisBraemar will be in a strong position to play a major role.

The ongoing development of our strategy to integrate our service offerings in order to provide higher value-added services to our clients should continue to improve our results, to the benefit of all our stakeholders. The year has started well and current trading is resilient, despite the ongoing impact of COVID-19, and therefore we look forward to the year ahead with cautious optimism.

Ronald Series
Executive Chairman
15 June 2020

REVIEW OF OPERATIONS

"We believe that in the volatile and increasingly complex world of shipping, it takes expertise and experience to enable more prosperous and secure global trade"

During a year of significant activity due to the sale of the bulk of the Technical Services Division and reviews of two of the other Divisions, the business showed growth of 2.5% in revenue and 5.5% in underlying operating profit. This was led by the Shipbroking Division which grew revenue by 9% and operating profit by 26% taking advantage of volatile markets, particularly by the Tankers desk. This strong performance was supported by the Logistics Division which grew operating profits by 22%, despite a decline in revenue, due to strong cost management and restructuring during the year. The other two divisions, particularly Engineering, had weaker performances.

SHIPBROKING DIVISION

	2019/20	2018/19
Revenue	**£82.4m**	£75.7m
Underlying operating profit	**£11.7m**	£9.3m

The Shipbroking Division had an excellent year and achieved a full year performance of strong revenue growth well ahead of their expectations. Underlying operating profits were £11.7 million, 26% higher than the prior year and the division continued to invest in new teams. The forward order book at 1 March 2020 was $50 million, significantly ahead of the $43 million held at 1 March 2019 and has continued to grow since the year end. The diversification of the business across a number of broking markets and the cross-desk trading has been a significant contributor to this success.

We continued with our broking recruitment plan and diversification, adding further talent to our broking teams across most sectors, but particularly in Tankers, Offshore and Securities. We intend to continue this process and recruit selectively where we identify opportunities to grow further. During the year, we established a presence in Athens and are planning to open an office in Geneva in order to strengthen our geographic coverage.

We have added to our management with the recently appointed Managing Director of our Asia Pacific region to support our growth in that area and we see opportunities in both Wet and Dry sectors. We have also added a Human Resources Director for the division to strengthen our management processes in this area as our people are our critical resource. The disruption to our working environment due to COVID-19 has been significant and all teams have been working from home since the second week of March. However, the broking teams and their management have responded well and ensured that the impact on the service levels to our clients has been minimised.

The diversification of our Shipbroking Division has again paid benefits with a slightly weaker year in Dry Cargo being more than offset by very strong performances by the Tankers and Specialised Tankers and Gas desks, as well as growth in the other desks.

Tankers

During the first half of the 2019 calendar year, tanker demand was insufficient to compensate for the large number of new vessels that were delivered into the tanker market. However, the market started to improve by mid-year as tankers were withdrawn from the spot market to have exhaust scrubbers installed to comply with the IMO's regulations on Sulphur emissions. By October 2019, with vessel supply already tight, a combination of US sanctions and other geopolitical factors curtailed supply further. This led to a sudden rush to fix the remaining available spot tonnage and produced one of the steepest rises in vessel earnings the market has seen in recent years. The ongoing geopolitical insecurity kept the spot market at elevated levels for the remainder of the year.

As 2020 began, efforts to slow the spread of COVID-19 were beginning to reduce oil demand. OPEC producers compensated by cutting exports and the strength in the tanker market began to subside. However, the failure of Saudi Arabia and Russia to reach agreement on production cuts in March 2020 has led to a significant oversupply of crude oil. This oversupply has seen tankers of all sizes used for floating storage leading to a sustained period of market volatility.

The Tankers desk had its best year in recent times and despite uncertainty and volatility within the market delivered a strong increase in revenue. The Suezmax team had a strong year and has expanded to meet the increasing demands of the market.

The VLCC team increased its market coverage and is at the forefront of the ever-growing Chinese and Indian markets. We are well placed to continue to grow in these regions, having offices in Singapore and India to serve these markets.

We added new brokers to the Refined product and Aframax team, which also generated new business, and we continue to look for opportunities to add to other areas. Overall, the Braemar success story in this area lies in the combination of knowledge and experience within the team, balanced with younger brokers to ensure adaptability and longevity.

Specialised Tankers and Gas

Our Specialised desk covers the Chemicals, small product tankers, Petrochemical Gas, LPG and LNG markets. This was an area of significant revenue growth during the year with geographical expansion and revenue growth in Singapore and the US. Recruitment of new brokers in London has also continued and new derivative freight forward products are being developed to complement the physical broking. This affords clients greater visibility and liquidity to manage their forward books in line with that already seen in the existing Braemar securities desks.

Margins were at times reduced for Chemical tanker owners, but improved as the year progressed, only to weaken again in recent months due to the COVID-19 lockdown. Storage opportunities drove some short-term demand for the larger product tankers and optimism remains that the market will strengthen again as 2020 progresses.

Last year saw increasing global demand for LPG, especially from China. This resulted in increases in LPG export capacity and a stronger year for the LPG carrier market. Despite the uncertainties created by the COVID-19 lockdown since the year-end, the spot market has seen resilient demand from Asia for LPG to replace short-term shortages created by local refinery closures. The fundamentals for the LPG market remain strong and we expect it to emerge in relatively good shape once the crisis abates.

The Petrochemical market was stable last year with contract volumes healthy for the shorter regional routes. However, the longer haul spot charter contracts were weaker due to increased shipping availability and a trend toward longer term chartering. COVID-19 has led to some pressure on rates as downstream demand shrank in some areas. However, as certain regions, particularly in Asia, start to open up again, there has been an increase in long haul spot demand but it remains to be seen whether these deep-sea movements are sustainable once the rest of the world recovers.

Our LNG desk remains predominantly split between London and Singapore, with established co-broking arrangements in Madrid and Tokyo. We have successfully recruited new members to both regional teams maintaining complete market coverage and confirming our place as a global LNG broking desk. Revenue more than doubled during the year, capitalising on the team's growth and a strong spot market, but also from increasing long term charters and Sale and Purchase contracts. The team has effectively diversified its revenue stream to balance fluctuations in the market, and despite a challenging spot chartering outlook for 2021 the desk continues to have a strong forward book. The team is looking forward to the delivery of its second LNG Newbuilding in December 2020 with a 10-year charter attached. Our US Barging business has had one of its best years and we have expanded that business with intention to grow even further into the US market.

Dry Cargo

The year started with the impact of the Brazilian mining disaster and weather conditions still depressing volumes and charter rates, but conditions improved during the year and earnings were much improved in the second half. The market disruption caused by the number of vessels in dry dock having scrubbers fitted was not as significant as expected with the supply of tonnage being maintained. Overall, the team has performed well both in volume and market share, in what can only be described as a difficult year.

The investment in resources in Singapore in the year to 29 February 2020 is also starting to drive increased volumes and earnings, and plans are in place for increasing European coverage to improve the geographic diversification.

Sale and Purchase and Projects

The sale and purchase division had another successful year with increased activity in all sectors, especially with respect to new building in the tankers sector. We were involved in multiple newbuilding contracts for VLCCs at the largest shipyard in the world, helping to continue to grow the forward order book. Revenues in this area also increased during the year due to long term charters connected to the new build projects and were well ahead of our expectations despite lower levels of market activity.

We had significant success over the past year in selling tankers at elevated price levels due to the rise in spot rates in the second half of 2019. Volatility and strength in the tanker sector has been reflected in the movement of second-hand values and, more recently, the uncertainty over the impact of COVID-19 on raw material demand has reduced activity in the sale and purchase markets.

Securities

It was a very strong year for the Wet Forward Freight Agreement ('FFA') partnership with GFI, which exhibited significant revenue growth in what was a volatile market. Building on the acquisition of Atlantic Brokers in 2018, the strategy to build a Dry FFA desk has made good progress with a growing customer base and increased revenues. The recruitment of two new senior brokers during the year as brought a balance and critical mass to the team. There was also investment in technology with the launch of a new electronic platform, which has gone down very well in the market place.

Offshore

The Offshore desk had a good year with increased revenues and profits. It was able to take advantage of a stronger market than in recent years, gaining market share in the process, as well as concluding some good project business. The impact of COVID-19 and the recent falls in oil demand and price are going to have a negative impact in the coming months. However, the recruitment of new personnel in Singapore with the capability to focus on subsea and renewables, as well as oil and gas, will help mitigate that impact.

FINANCIAL DIVISION

	2019/20	2018/19
Revenue	**£5.9m**	£7.0m
Underlying operating profit	**£1.1m**	£2.1m

Since its acquisition by Braemar, Naves Corporate Finance has expanded its global footprint by establishing a presence in London and Singapore together with an ability to work with the Asian financing markets in China, Japan and Korea in particular. Through its close cooperation with both the Shipbroking and the Engineering Divisions it has been able to offer integrated advisory services for private equity and hedge funds. Although it was a disappointing year in terms of profitability, the team has remained very busy with a number of mandates for financing projects that have continued into the current year. Despite the lower level of transaction-based fees, the level of retainer advisory fees continued to grow and more than covered operating costs.

Restructuring and related services continued to contribute significantly to the performance of the Division. During 2019/2020 it supported restructurings in Germany, Greece, Singapore and Malaysia. A particular focus was the offshore support vessel market. The pre- and post-insolvency management business, which had a specific emphasis on Germany, shrank and therefore we adjusted the personnel in this business accordingly. In the new financial year 2020/2021, our restructuring business has been benefitting from the global downturn. The division is currently mandated for the restructuring and recapitalisation of a number of international companies, which proves the successful shift of the focus from the German to the international market. It is also actively pursuing other mandates across the globe, including LNG project financings in Africa.

The Financial and Shipbroking Divisions worked together on the disposal process for a variety of multipurpose offshore vessels, tankers and dry bulk vessels, as part of the wind down of a number of loan portfolios. Since the beginning of the new financial year and as a result of the COVID-19 crisis, a slow-down in this activity has been observed, partly because of difficulties in handing over vessels to the new owners, and partly because of gaps in perceived valuations. However, the pressure on loan portfolios is expected to increase and to result in more activity as the COVID-19 lockdown is relaxed.

The volume of loan portfolios transacted was significantly lower than in preceding years, as was our mandate pipeline in this sector. The financial asset management business benefitted from several exits which led to healthy commission income in this area, although related retainer income will decrease as a result. The market for loan portfolio disposals is expected to be relatively quiet as crises usually have a significant lead-in time. Higher levels of activity are expected in this area in 2021.

The Singaporean office became profitable in the second half of the financial year, following the success of a number of equity financings in Asia. Income generation remains strong in the new financial year so far, and headcount is being increased accordingly. A presence is being established in Athens alongside Shipbroking colleagues with the first employee already located there and further recruitment planned.

LOGISTICS DIVISION

	2019/20	2018/19
Revenue	**£29.3m**	£32.1m
Underlying operating profit	**£1.0m**	£0.8m

The Logistics Division, Cory Brothers has extensive industry experience and a worldwide reputation for delivering on customers' requirements. The business provides a high-quality service which is carried out by experienced staff based in the UK and overseas.

It was a year of careful cost management and restructuring in Cory Brothers with a rationalisation of offices in both the UK and overseas and the Division's head office was successfully relocated from Felixstowe to Ipswich. At the same time, investment has been made in technology to support both areas of the business and to improve efficiency and greater online client interaction.

In total, annualised costs of £0.6 million were saved, leading to an operating profit that grew by 22% despite a fall in revenues of 9%. This has placed the Division in a stronger position to grow sustainable profits in future years.

Port and hub agency

The ship agency business services UK ports, the port of Singapore, North America and the Netherlands and has joint arrangements with a number of worldwide agency partners via our UK-based hub management business.

The majority of our port agency business arises from our activity in UK ports where we are a clear market leader, together with our global hub activity which is coordinated out of the UK. There was a reduced level of activity from Cory Brothers' biggest hub customers, but the UK port agency business held up well, and globally the agency business delivered higher margins at 9.6% versus 8.5% the previous year. Cory Brothers continues to face competitive challenges from both established and new operators in the UK, but its long-established relationships and reputation for excellent customer service have meant that the impact in the year was not significant.

Liner agency and freight forwarding

The liner agency business has maintained its long-standing relationships with key clients on the basis of high service levels in challenging markets notwithstanding clients and potential clients taking the service in-house or reducing their demands. As a result, revenues declined by 14% versus the prior year. In freight forwarding, the business with key customers remained solid whilst export business grew significantly. However, this was offset by contraction in our imports business and road haulage. The Brexit uncertainties generated a number of opportunities for gaining additional customs clearance work which may turn into increased volumes in 2021 depending on how the EU exit negotiations progress.

The new financial year has started positively, in particular within the hub and port agency. The changes made during 2019 have ensured the division is rightsized to weather the COVID-19 crisis, minimising the need for any Government support that has been seen throughout the sector. Volumes of business in the main trading areas have seen minimal reduction thanks to the broad business base both nationally and internationally. Growth opportunities are being identified in both agency and logistics sectors, linked to a strong continued market presence, a weakening of competition and the implementation of enhanced digital platforms.

ENGINEERING DIVISION

	2020/19	2018/19
Revenue	**£3.1m**	£3.1m
Underlying operating profit	**£(1.4)m**	£(0.3)m

The Engineering Division, Wavespec, had a year of considerable disruption due to its demerger from the larger Technical Services Division. Although revenues remained constant, the degree of third-party sub-contractors required to execute the site supervision work, and a number of bad debt provisions, led to a significantly higher loss for the period.

Costs have been managed carefully and resources reduced to the minimum necessary to maintain critical mass in the LNG arena. The contribution of the LNG expertise is highly valuable to the Shipbroking and Financial Divisions, and there are a number of potential joint project opportunities for which no material financial recognition has yet been taken.

For a number of years, the engineering team has been working on an LNG containment system design with a number of industry partners, which is yet to receive design approval for commercial use. A number of invoices for services provided to this project over the last two years, totalling £0.4 million, are more than 12 months outstanding and have therefore been provided for in full in the 2020 results. Progress for funding the design to the production stage had been making good progress until the COVID-19 crisis hit and activity stalled. The ongoing review of this division is looking in part to identify ways to ensure that the division can continue to support the partners without being exposed to future losses.

AqualisBraemar

	2019	2018
Revenue	**£41.6m**	£28.4m
Underlying operating profit	**£1.0m**	£1.9m

Note: Braemar has 27% ownership and accounts for this as an associate

During the past year, AqualisBraemar opened several new offices including Moscow, Tokyo and a renewables branch office in Busan, South Korea. The business has grown from 19 locations worldwide, to almost 50 strong. This is a result both of the acquisition of the Technical services businesses from Braemar during the year as well as the opening of new offices where opportunities have become available. The opening of additional offices is under focus.

The AqualisBraemar business has a focus on capital efficiency and free cash flow, which should lead to significant improvements in profitability and return on invested capital. Much of the anticipated synergies at the time of the transaction have already been realised, but the impact of the COVID-19 outbreak on global markets may delay the delivery of further underlying improvements. Of particular interest is the significant organic growth in the offshore wind market, which continues to attract major private and national government investment.

There is good opportunity for further consolidation in this sector, and AqualisBraemar will be a strong contender to play a meaningful role.

Financial Review

HIGHER REVENUE AND IMPROVED UNDERLYING PROFITABILITY

A very strong year for the Shipbroking Division and the results of management action in the Logistics Division are evident in the increased underlying operating profit from continuing operations delivered during the year.

Summary income statement 2020	**2020 £'000**	2019 £'000	2018 £'000
Revenue	**120,794**	117,853	103,053
Cost of sales	**(23,399)**	(24,892)	(24,6738)
Operating costs	**(84,919)**	(80,971)	(68,193)
Central costs	**(2,857)**	(2,924)	(2,855)
Underlying operating profit before specific items	**9,619**	9,066	7,322
Acquisition and disposal-related expenditure	**(2,008)**	(10,960)	(9,067)
Restructuring costs	**(1,336)**	(759)	–
Operating (loss)/profit	**6,275**	(2,653)	(1,745)

Overview
Both Underlying and Statutory operating results have improved, with operating profit increasing to £6.3 million from a loss of £2.7 million with the underlying measure increasing from £9.1 million to £9.6 million. The net impact of costs of acquisitions and the accounting treatment for certain items of consideration are separately identified as specific items and have decreased from £11.7 million to £3.3 million. Losses from discontinued operations were significantly lower at £0.9 million (2019: (£22.7 million)) and, as a result, reported profits for the year were £4.0 million compared to a loss of £27.4 million in the previous year.

Direct and operating costs
Cost of sales comprise freight and haulage costs incurred in the Logistics Division and payments to sub-contractors, materials, and other costs directly associated with the revenue to which they relate to in other divisions. Operating costs have increased primarily due to the increased levels of bonus in the Shipbroking Division.

Specific items
We have separately identified certain items that we do not consider to be part of the ongoing trade of the Group. These significant items are material in both size and/or nature and we believe may distort understanding of the underlying performance of the business. These are summarised below:

Acquisition & disposal related expenditure
We have accounted for £2.0 million (2018/19: £10.7 million) acquisition-related charges during the year, for the acquisitions of NAVES Corporate Finance GmbH and Atlantic Brokers Holdings Limited. Of these acquisition-related specific items, £7.2 million was paid during the period in cash.

Of the total charge of £2.0 million, the Group incurred £1.2 million of costs which are directly linked to the acquisition of NAVES (2018/19: £8.0 million). These include £0.9 million of post-acquisition consideration payable to certain sellers under the terms of the acquisition agreement. The acquisition agreement included substantial payments to the working vendors, conditional on their continuing employment, some of which are related to the profitability of the Financial Division during the first three years of ownership. The estimate of the amount payable under these 'earn-out' provisions has decreased significantly in the period and therefore the total charge has reduced accordingly. These elements of the consideration will be accounted in the income statement over the relevant period.

Costs incurred on the Braemar Atlantic acquisition were £1.1 million (2018/19: £2.5 million) of post-acquisition consideration payable to certain sellers under the terms of the acquisition agreement.

When we acquired ACM Shipping Group plc in July 2014, we established a share plan to retain key staff. The cost of this share plan is categorised as acquisition-related expenditure and the charge in the year was £0.1 million (2018/19: £0.1 million).

The final element of this is a credit of £0.4 million relating to an increase in the carrying value of warrants for shares in AqualisBraemar granted as part of the disposal of the majority of the Group's Technical Division in June 2019. This credit is as a result of an increase in the expected value of the warrants according to the forecasts made by AqualisBraemar and reflected in their balance sheet as at 31 December 2019. Since our balance sheet date of 29 February 2020, AqualisBraemar has reduced its forecasts as is described in note 9.

Discontinued operations

Following the disposal of the majority of the Group's Technical Division in June 2020, we have classified these business units as a discontinued operation. Consequently, the results from these operations do not form part of the Group's underlying performance. Comparative periods have been restated to reflect consistent reporting between periods. In the prior year period we also report the losses made on the disposal of Braemar Response in October 2018 in this classification.

The discontinued operations made a total post-tax loss of £0.8 million during the period of ownership in the year. There has also been a further loss on disposal recorded of £0.1 million as a result of the settlement of certain warranty claims made by AqualisBraemar over and above estimates that had been made at the time of the disposal.

In the prior year a loss of £22.7 million was reported, of which £1.4 million relates to the disposal of Braemar Response and £21.3 million to the impact of the disposal of the Technical Division business units. It is an aggregation of the trading losses and an estimate of the loss that will be made upon completion and can be explained in more detail as follows:

Loss on discontinued operations	**2019/20 £'m**	**2018/19 £'m**
Total loss made in the year by Technical Division	0.8	1.7
Tax Credit		(0.1)
Restructuring costs and attributed interest	0.1	**0.6**
Write down of intangible assets		**6.1**
Estimated impairment of remaining net assets		**13.1**
Total reported loss	0.9	**21.3**

The assets held for sale at the previous balance sheet date included certain assets and cash that were redistributed to Braemar under a reorganisation that was carried out as part of the disposal and before completion. The impairment of the remaining net assets of the business units was required to align their carrying value to the estimated value of consideration to be received in the sale transaction, net of the anticipated level of fees and other costs incurred.

Other specific items

We have incurred £1.3 million of one-off costs related to a restructuring program in the Logistics Division and to Board changes during the year. In the previous year we revalued our investment in seats on the London Tankers Brokers Panel in line with third party transactions in the period.

Share of associate profit for the period

The reported share of associate profit for the period relates to the 27% ownership of AqualisBraemar, acquired in June 2019 in return for the disposal of the Technical Division business units. The reported profit of £0.4 million comprises a share of trading losses of £0.3 million and a profit of £0.7 million relating to the revaluation by AqualisBraemar of the net assets acquired by way of a bargain purchase, immediately following the transaction. This element is a one-off revaluation and therefore is treated as a specific item and not part of underlying profits.

AqualisBraemar approved a dividend of NOK 0.2 per share at their recent AGM which will be paid during June 2020 and will total around £0.3 million for our shareholding.

Adoption of IFRS 16

During this accounting period the Group adopted IFRS 16 'Leases' and there are various references to the movement in assets and liabilities in the notes to these accounts. The overall impact on the Balance Sheet is summarised in the table below.

Non-current Assets	£'m
Increase in Property, plant & equipment	9.5
Current Assets	
Increase in Finance lease receivable	3.2
Current Liabilities	
Increase in short term borrowings	-3.9
Non-Current Liabilities	
Increase on long term borrowings	-10.9
Net Impact of IFRS 16 on net assets	-2.1

The impact of IFRS 16 on reported profit before tax in the Income Statement is immaterial although there is an impact between the reported operating profit and net finance cost. Without the implementation of this standard the reported underlying operating profit would have been £9.3 million and underlying finance costs would have been £1.5 million.

Finance costs

The net finance cost for the year of £1.9 million (2018/19: £1.2 million) reflects the cost of working capital associated with the facilities structures held with HSBC, the interest payable on financing and convertible loan notes associated with the acquisition of NAVES and the interest charge associated with right of use assets under IFRS16. £1.4 million has been attributed to underlying operations including £0.3 million for the IFRS 16 charge (2018/9: £1.2 million), and £0.5 million to the NAVES acquisition (2018/9 £0.8 million). In 2018/19, £0.3 million was charged to discontinued operations.

Capital expenditure

In 2019/20, total capital expenditure was £1.7 million (2018/19: £1.7 million). The most significant item of capital expenditure relates to software as we continue the improvement of our operating and finance systems.

Balance sheet

Net assets at 29 February 2020 were £57.5 million (2019: £58.4 million). At 29 February 2020, the Group held gross trade receivables before impairment provisions of £31.9 million, up from £31.4 million at 28 February 2019. The proportion of trade receivables provided against increased slightly from 10.3% to 10.6% principally due to delays in collecting receivables in the Engineering Division.

Borrowings and cash

At the balance sheet date, the Group had a revolving credit facility available to it of £35.0 million with HSBC. Due to the uncertainties of future trading and short-term cash collection as a result of COVID-19, we have received confirmation from HSBC that, subject only to normal procedural matters, the leverage covenant relating to these facilities will be increased to improve headroom.

The Group also has access to a global cash pooling facility in UK, Germany and Singapore which allows efficient management of liquidity between our main regional hubs. The Group operates a pooling arrangement for cash management purposes and at the end of the year the Group had net debt across those pools of £20.0 million (2019: £7.8 million) with the main reason for the increase being the repayment of Loan Notes and deferred consideration associated with the NAVES acquisition.

Retirement benefits

The Group has a defined benefit pension scheme which was closed to new members during the 2015/16 financial year. The scheme has a net liability of £3.7 million (2019: £2.0 million) which is recorded on the balance sheet at 29 February 2020. The agreed annual scheme-specific funding since the triennial valuation as at March 2014 was a cash contribution of £0.5 million. The triennial funding valuation as at March 2017 was carried out and concluded during 2018 and the result was an unchanged annual employer cash contribution of £0.5 million, which was agreed with the trustees and is being paid in monthly instalments. The next triennial valuation will take place during this financial year.

Convertible loan notes and deferred consideration

In total, the Group has committed to the issue of up to €24.0 million convertible loan note instruments in respect of the acquisition of NAVES. These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are Euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue, by the Group or by the individual holder. The conversion prices were fixed at 390.3p for management sellers and 450.3p for non-management sellers.

The fair value of convertible instruments and deferred consideration as at 29 February 2020 was £10.5 million (2019: £16.9 million). Of the total €24 million, only €21.9 million can now be issued after the measurement of the second earn out in September 2019. The status of maximum future payments (assuming all are redeemed for cash), and future income statement charges can be summarized as below.

NAVES consideration Year Ended		February 2021 £'m	February 2022 £'m	February 2023 & beyond £'m
Maximum cash payable				
Deferred consideration loan notes		1.8	1.2	2.5
Earn out notes	–	3.2	1.6	3.2
Maximum Cash Payable		5.0	2.8	5.7
Expected income statement charge		0.6	0.2	0.1

The final value of the February 2023 earnout notes will be determined later this year based on earnings to August 2020.

Foreign exchange

The US dollar exchange rate has moved from US$1.33/£1 at the start of the year to US$1.28/£1 at the end of the year. A significant proportion of the Group's revenue is earned in US dollars. At 29 February 2020, the Group held forward currency contracts to sell US$42 million at an average rate of US$1.29/£1.

Taxation

The Group's underlying effective tax rate in relation to continuing operations in 2019/20 was a credit of 1.0% (2019: 17.2%), which is significantly lower than the current UK tax rate. The main factors which have led to this lower rate are credits in respect of prior years (£0.8 million) and a credit relating to the deferred tax asset created by the net lease liability recorded under IFRS 16 (£0.9 million). These factors have outweighed the impact of disallowable expenses (£0.7 million) and tax paid in overseas countries at higher rates than in the UK (£0.2 million).

Alternative profit measures ("APMs")

Braemar uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information to investors and other interested parties. In particular we have separated the impact of individually material capital transactions, such as acquisitions and disposals, from ongoing trading activity to allow a focus on ongoing operational performance.

Our APMs include underlying operating profit and underlying earnings per share. Our prior year APMs have been restated to reflect the reclassification of discontinued operations noted above.

Capital management

The Group manages its capital structure and adjusts it in response to changes in economic conditions and its capital needs. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and debt instruments. The Group has a policy of maintaining positive cash balances whenever possible which can be supported by short-term use of its revolving credit facility. This is drawn down as required to provide cover against the peaks and troughs in our working capital requirements.

ESOP Trust

During the previous year the Company requested that SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust, purchase shares in Braemar Shipping Services plc. A total of 716,000 shares in the Company were purchased by the Trustee for the prior year period and as a result at 1 March 2019 the ESOP held 696,201 shares. No further purchases were made in the financial year and at 29 February 2020 the trust held 348,400 shares.

Dividend

The directors are not recommending a final dividend due to the uncertainties created by the COVID-19 impact on the global economy.

Going Concern

Particular care has been taken, in preparing these accounts, to the going concern review and viability statement in the annual report that will be published next month. Whilst there is more uncertainty in the current environment than usual, we have not seen any increase in debtor days nor any noticeable fall in cash collections so far this year. Careful and more frequent monitoring of cash forecasts and client payments has been introduced in order to identify if this changes over the coming months.

Nicholas Stone
Group Finance Director
15 June 2020

Reconciliation of underlying results to reported statutory results	**Year ended 29 Feb 2020 £'000**	Year ended 28 Feb 2019 £'000
Revenue	**120,794**	**117,853**
Cost of sales	**(23,399)**	**(24,892)**
Gross profit	**97,395**	**92,961**
Other operating costs	**(87,776)**	**(83,895)**
Underlying operating profit	**9,619**	**9,066**
Net underlying finance costs	**(1,403)**	**(197)**
Share of associate loss	**(262)**	**-**
Underlying profit before tax	**7,954**	**8,869**
Underlying taxation	**(178)**	**(1,669)**
Underlying profit for the year	**7,776**	**7,200**
Underlying earnings per ordinary share		
Basic	**24.94p**	**23.32p**
Diluted	**22.54p**	**21.36p**

Underlying operating profit	**9,619**	**9,066**
Specific items	**(3,344)**	**(11,719)**
Operating profit /(loss)	**6,275**	**(2,653)**
Gain on revaluation of investment	**-**	**500**
Net finance costs	**(1,853)**	**(987)**
Share of associate profit for the period	**436**	**-**
Profit/(Loss) before taxation	**4,858**	**(3,140)**
Taxation	**50**	**(1,525)**
Profit/Loss for the year from continuing operations	**4,908**	**(4,665)**
Profit/Loss for the year from discontinued operations	**(892)**	**(22,700)**
Profit/Loss for the year attributable to equity shareholders of the parent	**4,016**	**(27,365)**
Earnings/(loss) per ordinary share		
Basic	**12.88p**	**(88.63p)**
Diluted	**11.64p**	**(88.63p)**

Consolidated income statement

for the year ended 29 February 2020

Continuing operations	Notes	29 Feb 2020 Underlying £'000	Specific items £'000	Total £'000	28 Feb 2019 Underlying £'000	Specific items £'000	Total £'000
Revenue		**120,794**	**–**	**120,794**	**117,853**	**–**	**117,853**
Cost of sales		**(23,399)**	**–**	**(23,399)**	**(24,892)**	**–**	**(24,892)**
Gross profit		**97,395**	**–**	**97,395**	**92,961**	**–**	**92,961**
Operating expense:							
Other operating costs		**(87,776)**	**(446)**	**(88,222)**	**(83,895)**	**(759)**	**(84,654)**
Restructuring costs	4	**–**	**(890)**	**(890)**	**–**	**–**	**–**
Acquisition and disposal-related expenditure	4	**–**	**(2,008)**	**(2,008)**	**–**	**(10,960)**	**(10,960)**
		(87,776)	**(3,344)**	**(91,120)**	**(83,895)**	**(11,719)**	**(95,614)**
Operating profit/(loss)		**9,619**	**(3,344)**	**6,275**	**9,066**	**(11,719)**	**(2,653)**
Share of associate profit for the period		**(262)**	**698**	**436**	**–**	**–**	**–**
Gain on revaluation of investment		**–**	**–**	**–**	**–**	**500**	**500**
Finance income		**458**	**–**	**458**	**297**	**–**	**297**
Finance costs		**(1,862)**	**(450)**	**(2,312)**	**(494)**	**(790)**	**(1,284)**
Profit/(loss) before taxation		**7,954**	**(3,096)**	**4,858**	**8,869**	**(12,009)**	**(3,140)**
Taxation		**(178)**	**228**	**50**	**(1,669)**	**144**	**(1,525)**
Profit/(loss) for the year from continuing operations		**7,776**	**(2,868)**	**4,908**	**7,200**	**(11,865)**	**(4,665)**
Loss for the year from discontinued operations	5	**-**	**(892)**	**(892)**	**–**	**(22,700)**	**(22,700)**
Profit/(loss) for the year attributable to equity shareholders of the Parent		**7,776**	**(3,760)**	**4,016**	**7,200**	**(34,565)**	**(27,365)**

Total							
Earnings per ordinary share							
Basic	7	**24.94p**		**12.88p**	**23.32p**		**(88.63)p**
Diluted	7	**22.54p**		**11.64p**	**21.36p**		**(88.63)p**

Continuing operations							
Earnings per ordinary share							
Basic	7	**24.94p**		**15.74p**	**23.32p**		**(15.11)p**
Diluted	7	**22.54p**		**14.23p**	**21.36p**		**(15.11)p**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 29 February 2020

	Notes	**29 Feb 2020** **£'000**	28 Feb 2019 £'000
Profit/(Loss) for the year		**4,016**	**(27,365)**
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on employee benefit schemes – net of tax		**(1,638)**	**999**
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences on retranslation of foreign operations		**(503)**	**(2,999)**
Cash flow hedges – net of tax	21	**(828)**	**(229)**
Other comprehensive (expense)/income		**(2,969)**	**2,229**
Total comprehensive income/(expense) for the year from continuing operations		**1,047**	**(29,594)**
Recycling of foreign exchange reserve **9**		**670**	**-**
Total comprehensive income for the year from discontinued operations		**670**	**-**
Total comprehensive income/(expense) for the year attributable to equity shareholders of the Parent		**1,717**	**(29,594)**

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet
as at 29 February 2020

		Group		
	Note	**As at 29 Feb 2020 £'000**	As at 28 Feb 2019 restated £'000	As at 28 Feb 2018 restated £'000
Assets				
Non-current assets				
Goodwill		**83,812**	83,812	88,961
Other intangible assets		**2,411**	2,226	3,393
Property, plant and equipment		**11,928**	1,978	3,322
Other investments		**1,962**	1,773	1,356
Investment in associate	8	**7,315**	-	-
Financial assets		**1,184**	-	-
Deferred tax assets		**3,620**	1,640	3,120
Other long-term receivables		**2,467**	264	300
		114,699	91,693	100,452
Current assets				
Trade and other receivables		**39,541**	37,128	52,605
Derivative financial instruments		**-**	-	159
Assets held for sale		**-**	10,611	2,865
Cash and cash equivalents		**28,749**	24,111	10,437
		68,290	71,850	66,066
Total assets		**182,989**	163,543	166,518
Liabilities				
Current liabilities				
Derivative financial instruments		**527**	49	-
Trade and other payables		**48,031**	44,887	41,462
Short-term borrowings		**48,758**	35,844	12,886
Current tax payable		**1,334**	1,408	1,858
Provisions		**201**	90	320
Convertible loan notes		**4,340**	6,339	-
Deferred consideration		**600**	600	366
Liabilities directly associated with assets classified as held for sale		**-**	2,797	766
		103,791	92,014	57,658
Non-current liabilities				
Long-term borrowings		**10,943**	-	-
Deferred tax liabilities		**903**	930	999
Provisions		**765**	324	424
Convertible loan notes		**2,398**	4,579	7,364
Deferred consideration		**3,031**	5,357	2,977
Pension deficit		**3,672**	1,986	3,437
		21,712	13,176	15,201
Total liabilities		**125,503**	105,190	72,859
Total assets less total liabilities		**57,486**	58,353	93,659
Equity				
Share capital		**3,167**	3,144	3,144
Share premium		**55,805**	55,805	55,805
Shares to be issued		**(2,498)**	(3,446)	(2,701)
Other reserves		**22,279**	22,857	26,086
Retained earnings		**(21,267)**	(20,007)	11,326
Total equity		**57,486**	58,353	93,659

In accordance with the exemptions allowed by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A loss of £3,301,000 (2019: loss of £4,500,000) has been dealt with in the accounts of the Company.

The accounts on pages 16 to 33 were approved by the Board of Directors on 15 June 2020 and were signed on its behalf by:

Ronald Series	**Nicholas Stone**
Chairman	**Finance Director**

Registered number: 02286034

Consolidated cash flow statement

for the year ended 29 February 2020

	Group	
	29 Feb 2020 £'000	28 Feb 2019 restated £'000
Profit / (loss) before tax	**4,858**	(3,140)
Loss from discontinued operations	**(892)**	(22,700)
Depreciation and amortisation charges	**3,390**	1,314
Loss on disposal of fixed assets	**801**	-
Impairment of assets	**-**	1,055
Gain on sub-lease arrangements	**(101)**	-
Gain on bargain purchase	**(818)**	**-**
Share of loss of associate	**382**	**-**
Share scheme charges	**1,582**	1,282
Net foreign exchange (gains)/losses of financial instruments	**(70)**	229
Net finance cost	**1,853**	1,258
Specific items	**3,344**	24,953
Specific items – discontinued	**892**	-
Contribution to defined benefit scheme	**(450)**	-
Operating cash flow before changes in working capital	**14,771**	4,251
Increase in receivables	**(1,629)**	(56)
Increase in payables	**(604)**	5,456
Decrease in provisions and employee benefits	**552**	(780)
Cash flows from operating activities	**13,090**	8,871
Interest received	**385**	**297**
Interest paid	**(1,895)**	**(1,187)**
Specific items	**(2,523)**	**(759)**
Tax received/(paid)	**1,193**	**(1,078)**
Net cash generated from operating activities	**10,250**	**6,144**
Cash flows from investing activities		
Purchase of property, plant and equipment and computer software	**(1,743)**	**(2,807)**
Investment in associate	**(1,605)**	**-**
Acquisition of other investment	**(150)**	**-**
Cash in subsidiaries disposed	**(3,910)**	**–**
Proceeds from disposal of investments	**-**	**300**
Proceeds from sale of property, plant and equipment	**-**	**77**
Other long-term assets	**-**	**35**
Principal received on finance lease receivables	**661**	**-**
Net cash used in investing activities	**(6,747)**	**(2,395)**
Cash flows from financing activities		
Proceeds from borrowings	**8,500**	**14,450**
Repayment of principal under lease liabilities	**(3,473)**	**-**
Repayment of borrowings	**(6,339)**	**(7,000)**
Net proceeds from pooling arrangements	**4,595**	**15,808**
Dividends paid	**(4,630)**	**(4,616)**
Gift to ESOP for purchase of shares	**-**	**(1,712)**
Deferred consideration	**(600)**	**(1,710)**
Net cash (used in)/generated from financing activities	**(1,947)**	**14,920**

Increase/(decrease) in cash and cash equivalents	**1,556**	**18,669**
Cash and cash equivalents at beginning of the period	**28,021**	**10,437**
Foreign exchange differences	**(828)**	**(1,085)**
Cash and cash equivalents at end of the period	**28,749**	**28,021**

The accompanying notes form an integral part of these financial statements.

Statement of changes in total equity

for the year ended 29 February 2020

Group	Note	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2018		3,144	55,805	(2,701)	26,085	11,326	93,659
Change in accounting policy – IFRS 9		–	–	–	–	(891)	(891)
Change in accounting policy – IFRS 15		–	–	–	–	(989)	(989)
Revised 1 March 2018		3,144	55,805	(2,701)	26,085	9,446	91,779
Loss for the year		–	–	–	–	(27,365)	(27,365)
Actuarial gain on employee benefits schemes – net of tax		–	–	–	–	999	999
Foreign exchange differences		–	–	–	(2,999)	–	(2,999)
Cash flow hedges – net of tax		–	–	–	(229)	–	(229)
Total other comprehensive income		–	–	–	(3,228)	999	(2,229)
Total comprehensive income/(expense)		–	–	–	(3,228)	(26,366)	(29,594)
Dividends paid		–	–	–	–	(4,616)	(4,616)
Gift to ESOP for purchase of own shares		–	–	(1,712)	–	–	(1,712)
ESOP shares allocated		–	–	967	–	(967)	–
Share based payments		–	–	–	–	2,496	2,496
At 28 February 2019		**3,144**	**55,805**	**(3,446)**	**22,857**	**(20,007)**	**58,353**
Change in accounting policy – IFRS 16		**-**	**-**	**-**	**-**	**381**	**381**
At 1 March 2019 after adoption of IFRS 16		**3,144**	**55,805**	**(3,446)**	**22,857**	**(19,626)**	**58,734**
Profit for the year		**-**	**-**	**-**	**-**	**4,016**	**4,016**
Actuarial gain on employee benefits schemes – net of tax		**-**	**-**	**-**	**-**	**(1,638)**	**(1,638)**
Foreign exchange differences		**-**	**-**	**-**	**167**	**-**	**167**
Cash flow hedges – net of tax		**-**	**-**	**-**	**(828)**	**-**	**(828)**
Total other comprehensive expense		**-**	**-**	**-**	**(661)**	**(1,638)**	**(2,299)**
Total comprehensive expense		**-**	**-**	**-**	**(661)**	**2,378**	**1,717**
Dividends paid		**-**	**-**	**-**	**-**	**(4,630)**	**(4,630)**
Deferred tax on items taken to equity		**-**	**-**	**-**	**83**	**-**	**83**
RSP shares purchased		**23**	**-**	**-**	**-**	**(23)**	**-**
ESOP shares allocated		**-**	**-**	**948**	**-**	**(948)**	**-**
Share based payments		**-**	**-**	**-**	**-**	**1,582**	**1,582**
At 29 February 2020		**3,167**	**55,805**	**(2,498)**	**22,279**	**(21,267)**	**57,486**

Notes to the consolidated financial statements

Note 1 - General information

The Group and Company financial statements of Braemar Shipping Services Plc for the year ended 29 February 2020 were authorised for issue in accordance with a resolution of the Directors on 15 June 2020. Braemar Shipping Services Plc is a public limited company incorporated in England and Wales.

The term "Company" refers to Braemar Shipping Services plc and "Group" refers to the Company and all its subsidiary undertakings, associates and the Employee Share Ownership Plan trust.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 29 February 2020 or 28 February 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations adopted for use in the European Union, this announcement does not itself contain sufficient information to comply with IFRSs. The Group expects to distribute full accounts that comply with IFRSs and IFRIC interpretations as adopted by the European Union and in accordance with the Companies Act 2006.

Note 2 - Basis of preparation and forward-looking statements

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union and in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historic cost convention except for items measured at fair value as set out in the accounting policies below.

Certain statements in this Annual 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. These statements involve risks and uncertainties, so 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.

The Group financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The Group financial statements have been prepared on a going concern basis. In reaching this conclusion regarding the going concern assumption, the Directors considered cash flow forecasts for a period of greater than 12 months from date of signing of these financial statements. The cash flow forecasts have been prepared by the Directors having considered the impact of outbreak of COVID-19 and its subsequent declaration as a pandemic by the World Health Organization.

As at 29 February 2020 the Group's net debt* was £20.0 with available headroom in the £35.0 million revolving credit facility ("RCF") of £5.3 million. As at 31 May 2020 net debt had increased by £0.2 million to £20.2 million with the RCF fully drawn down and cash balances of £14.8 million.

The RCF has a number of financial covenant tests that must be adhered to. Post year-end on 11 June 2020 the Group received, from its principal bankers, confirmation, subject to only normal procedural matters, that the financial covenant relating to debt to 12 months rolling EBITDA will be relaxed. The bank has stated that the ratio will be increased from 3x to 4x until May 2021, reducing to 3.5x until May 2022 and returning to 3x until the facility expires in September 2022.

The cash flow forecasts assessed the ability of the Group to operate both within the revised covenants and the facility headroom, and included a number of downside sensitivities, including a reverse stress test scenario. The reverse stress test performed ascertained the point at which the covenants would be breached in respect of the key assumption of forecast revenue decline.

The reverse stress test indicated that the business, alongside certain mitigating actions which are fully in control of the directors, would be capable of withstanding approximately a 40% reduction in revenue from June 2020 through to February 2021.

In light of current trading and revised forecasts, the Directors having assessed this downturn in revenue and concluded the likelihood of such a reduction to be remote, such that it does not impact the basis of preparation of the financial statements and there is no material uncertainty in this regard.

In reaching this conclusion the Directors have considered forward looking market data in respect of the shipping market, the forward order book within the Shipbroking Division, the resilience within the Logistics Division owing to the flexible cost model (which includes having undertaken a significant restructuring during the year) and the nature of the clients supplying essential goods and the potential within the Financial Division, should a global recession become apparent

The Directors consider revenue as the key assumption in the Group's forecasts as there is a low level of cost of sales, other than in the Freight Forwarding business within its Logistics Division, which generates a low gross margin. The remaining costs are largely fixed or made up of discretionary bonuses, predominately within the Shipbroking Division and which are directly linked to profitability. Should the need arise, further mitigating actions would be available to reduce the size of the workforce to reflect the downturn in revenue.

Similar to other businesses, we have no background experience on how to manage the COVID-19 pandemic's impact on the business. Uncertainty remains over the outlook, and revisions to trade projections are likely. We are however, comfortable that under the reverse stress test scenarios we have run, the Group could withstand a decline in revenue and continue to operate within the available banking facilities. Accordingly, the Group and the Company continues to adopt the going concern basis in preparing the financial statements.

*Net debt is calculated as secured revolving credit facilities less net cash.

Note 3 – Segmental Information and Revenue

Management has determined the operating segments for the Group based on the reports reviewed by the Chief Operating Decision Maker to make strategic decisions. The Chief Operating Decision Maker is the Group's Board of Directors.

The Board considers the business from both service line and geographic perspectives. A description of each of the lines of service is provided in the operational review on pages 7 to 10

The Group is organised into four operating divisions: Shipbroking, Financial, Logistics and Engineering. In the previous year, following the decision to dispose of the Offshore, Marine and Adjusting businesses, Engineering replaced Technical in the segmental information to reflect the business that remained within the Group.

Central costs relate to Board costs and other costs associated with the Group's listing on the London Stock Exchange. All segments meet the quantitative thresholds required by IFRS 8 as reportable segments.

Underlying operating profit is defined as operating profit for continuing activities before restructuring costs, gain on disposal of investment and acquisition and disposal-related items.

Sales between and within business segments are carried out on an arm's-length basis.

Capital expenditure comprises additions to property, plant and equipment, goodwill and other intangibles including additions resulting from business acquisitions.

Segment assets consist primarily of intangible assets (including goodwill), property, plant and equipment, receivables and other assets. Receivables for taxes, cash and cash equivalents and investments have been excluded. Segment liabilities relate to the operating activities and exclude liabilities for taxes and borrowings.

Corporate assets consist primarily of property, plant and equipment and receivables. Corporate liabilities relate to deferred consideration and lease liabilities.

The segmental information provided to the Board for reportable segments for the year ended 29 February 2020 is as follows:

	Revenue		Operating profit/(loss)	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Shipbroking	**82,377**	**75,691**	**11,763**	**9,332**
Financial	**5,931**	**6,951**	**1,101**	**2,128**
Logistics	**29,347**	**32,065**	**1,023**	**841**
Engineering	**3,139**	**3,146**	**(1,411)**	**(311)**
Trading segments revenue/results	**120,794**	**117,853**	**12,476**	**11,990**
Central costs			**(2,857)**	**(2,924)**
Underlying operating profit			**9,619**	**9,066**
Specific items			**(3,344)**	**(11,719)**
Operating profit/(loss)			**6,275**	**(2,653)**
Share of associate profit for the period			**436**	**-**
Gain on revaluation of investment			-	**500**
Finance expense – net			**(1,853)**	**(987)**
Profit/(loss) before taxation			**4,858**	**(3,140)**
Taxation			**50**	**(1,525)**
Profit/(loss) for the year from continuing operations			4,908	**(4,665)**
Loss for the year from discontinued operations			**(892)**	**(22,700)**
Profit/(loss) for the year			**4,016**	**(27,365)**

2020	**Shipbroking £'000**	**Financial £'000**	**Logistics £'000**	**Engineering £'000**	**Corporate £'000**	**Total £'000**
Capital additions	**252**	**-**	**478**	**56**	**3,137**	**3,923**
Depreciation of property, plant and equipment and amortisation of computer software	**430**	**13**	**104**	**124**	**2,696**	**3,367**
Segment operating assets	**47,743**	**34,252**	**27,831**	**3,526**	**45,520**	**158,872**
Segment operating liabilities	**(28,571)**	**(28,322)**	**(22,070)**	**(409)**	**(21,014)**	**(100,386)**

2019	Shipbroking £'000	Financial £'000	Logistics £'000	Technical £'000	**Corporate £'000**	Total £'000
Capital additions	**569**	**47**	**567**	**34**	**450**	**1,667**
Depreciation of property, plant and equipment and amortisation of computer software	**731**	**1,031**	**173**	**145**	**162**	**2,242**
Segment operating assets	**44,820**	**37,535**	**30,503**	**1,733**	**28,431**	**143,022**
Segment operating liabilities	**(24,888)**	**(32,802)**	**(25,463)**	**(664)**	**(852)**	**(84,669)**

b) Geographical segment – by origin

The Group manages its business segments on a global basis. The operation's main geographical area and also the home country of the Company is the United Kingdom.

Geographical information determined by location of customers is set out below:

	Revenue		Non-current assets	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
United Kingdom	**80,929**	**74,691**	**82,128**	**58,676**
Singapore	**15,384**	**12,759**	**2,224**	**553**
United States	**4,285**	**8,852**	**124**	**107**
Australia	**7,672**	**8,840**	**296**	**189**
Germany	**4,870**	**6,336**	**25,770**	**30,191**
Rest of the World	**7,654**	**6,375**	**120**	**109**
Continuing operations	**120,794**	**117,853**	**110,662**	**89,825**
Discontinued operations	-	**32,276**	**–**	**–**
Total	**120,794**	**150,129**	**110,662**	**89,825**

c) Revenue analysis

The Group disaggregates revenue into Shipbroking, Financial, Logistics and Engineering in line with the segmental information presented above. All revenue arises from the rendering of services. There is no single customer that contributes greater than 10% of Group revenue.

Remaining performance obligations – forward order book.

The Group enters into some contracts, primarily in the Shipbroking division, which are for a duration longer than 12 months and where the Group has outstanding performance obligations on which revenue has not yet been recognised. The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is set out below:

2020	Within 12 months £'000	1 – 2 years £'000	More than 2 years £'000	Total £'000
Sale and purchase	7,571	1,845	703	10,119
Chartering	17,235	2,954	8,412	28,601
Total	24,806	4,799	9,115	38,720

2019	Within 12 months £'000	1 – 2 years £'000	More than 2 years £'000	Total £'000
Sale and purchase	2,905	1,552	–	4,457
Chartering	17,856	2,125	7,987	27,968
Total	20,761	3,677	7,987	32,425

Note 4 - Specific items

The following is a summary of Specific items incurred. Each item has a material impact on the reported results for the year and is not expected to be incurred on an ongoing basis and as such will not form part of the underlying profit in future years.

	2020 £'000	2019 £'000
Other operating costs		
Board changes	(468)	(759)
Profit on sublet of office	22	-
	(446)	(759)
Acquisition-related items		
– Acquisition of ACM Shipping Group plc	(153)	**(123)**
– Acquisition of NAVES Corporate Finance GmbH	(1,190)	**(8,045)**
– Acquisition of Atlantic Brokers Holdings Limited	(1,083)	**(2,485)**
- Warrants	418	**-**
- Other acquisition-related costs	-	**(307)**
	(2,008)	**(10,960)**
Gain on revaluation of investment	-	**500**
Restructuring costs	(890)	**-**
Share of profit in associate	698	**-**
Finance costs	(450)	**(790)**
Taxation	228	**144**
Loss from discontinued operations (Note 9)	(892)	**(22,700)**
Total	(3,760)	**(34,565)**

Other operating costs

The Group incurred total expenditure of £0.4 million (2019: £0.8 million) in relation to specific items in other operating costs. The former Chief Executive left the Board in July 2019 and £0.5 million of costs were incurred relating to his departure. The former Finance Director left the board in June 2018 and £0.8 million in costs were incurred relating to her departure, the provision of an interim replacement and the recruitment of a permanent replacement. These are not a costs that will be incurred on a regular basis and are therefore treated as specific items. A profit on disposal of less than £0.1 million was recognised in the current year in respect to the sub-let of certain office space accounted for in accordance with IFRS 16. The sublet of office space is considered to be a one-off event and therefore treated as a specific item.

Acquisition-related items

The Group incrurred total expenditure of £2.0 million (2019: £11.0 million) in respect of acquisition related items. £0.2 million (2019: £0.1 million) was incurred in relation to the restricted share plan implemented to retain key staff following the merger between Braemar Shipping Services plc and ACM Shipping plc. This restricted share plan is due to expire in July 2020.

Expenditure of £1.2 million (2019: £8.0 million) is directly linked to the acquisition of NAVES Corporate Finance GmbH. This includes a credit of £0.1 million related to foreign exchange translation of Euro liabilities plus charges of £0.4 million of interest and £0.9 million of post-acquisition remuneration payable to certain vendors under the terms of the acquisition agreement. This agreement has a three year earn out period over which the costs of the acquisition will be charged to the income statement depending on the earnings of the Financial Division during that period.

Expenditure of £1.1 million (2019: £2.5m) is directly linked to the acquisition of Atlantic Brokers Holdings Limited in respect of incentive payments to working sellers. The cash payment was made in the year to 28 February 2018 but is subject to clawback provisions if the working sellers were to leave employment of the Group before 28 February 2021 and as such the costs are charged to the income statement over that claw back period.

The Group recognised a gain of £0.4 million on the fair value movement of warrants.

Other specific items

In the prior year the Group recognised a gain on revaluation of its investment in the London Tanker Broker Panel. There were no transactions involving this investment in the current year, and such transactions are infrequent and therefore treated as a one-off event.

The Group incurred restructuring costs of £0.9 million in the Logistics Division as a result of a restructuring programme implemented by the new Managing Director. This involved the closure of the Manchester office, and relocation from Felixstowe to a smaller office in Ipswich which incurred £0.5 million of costs and a small number of redundancies resulted in £0.4 million of costs. These are not costs that will be incurred on a regular basis and are therefore treated as specific items.

The Group recognised specific income of £0.7 million (2019: nil) in relation to its investment in AqualisBraemar. A gain of £0.8 million was recognised relation to the gain on bargain purchase on initial recognition of the investment while a cost of £0.1 million has been recognised in respect of the Group's share of the fair value movement of contingent consideration due from AqualisBraemar. This recognition of this investment is a one-off event and is therefore treated as a specific item.

£0.5 million (2019: £0.8 million) of interest charges related to the Group's revolving credit facility have been included in finance costs. These charges relate to interest payable on tranches of the revolving credit facility that were used to fund the acquisition of NAVES Corporate Finance GmbH.

The Group recognised a further £0.9 million (2019: £22.7 million) in relation to discontinued operations that were disposed of during the year (Note 5).

Note 5 - Discontinued operations

On 21 June 2019 the Group entered into a strategic relationship with AqualisBraemar ASA ('AqualisBraemar'). The transaction involved the divestment of the Offshore, Marine and Adjusting businesses in return for a significant minority shareholding in AqualisBraemar ASA ('AqualisBraemar'). As a consequence of this transaction, the results of these divested businesses are presented as a discontinued operation in the current and prior year.

On completion, 14,865,621 ordinary shares were issued to the Group, warrants were also issued to the Group, which if successfully vested will increase equity ownership. The warrants are in two equal tranches subject to certain performance considerations over a two-year period following completion such that one half of the warrants will be measured against the AqualisBraemar group EBITDA and one half against the gross profit of the former Braemar Marine and Adjusting divisions. The estimate of the number of warrants that will vest was made using a forecast put together by the joint management team of AqualisBraemar and valued using a Black Scholes model. The resultant fair value of the warrants at 29 February 2020 was £1.2 million.

AqualisBraemar is a Norwegian quoted entity listed on the Oslo Bors and the Group have measured the value of the equity consideration using the share price on the disposal date.

At 28 February 2019, the assets and liabilities relating to the Offshore, Marine and Adjusting product lines were transferred to held for sale and impaired to their fair value less costs to sell of £7.8 million.

The major classes of assets and liabilities comprising the operations held for sale are as follows:

	Year ended 29 Feb 2020 £'000	Year ended 28 Feb 2019 £'000
Property, plant and equipment	-	1,177
Deferred tax assets	-	-
Trade and other receivables	-	18,194
Current tax receivables (group relief surrendered)	-	375
Cash and cash equivalents	-	3,910
Provision against assets held for sale	-	(13,045)
Trade and other payables	-	(2,797)
Net assets of discontinued operations	-	7,814

A reconciliation of the derecognition of assets held for sale to the profit on disposal is as follows:

	Year ended 29 Feb 2020 £'000
Net assets disposed of	
Property, plant and equipment	**1,328**
Trade and other receivables	**4,838**
Cash	**3,910**
Trade and other payables	**(2,948)**
	7,128
Proceeds	
Shares	**5,395**
Warrants	**753**
Working capital adjustment	**2,361**
	8,509
Transaction costs	**(1,741)**
Disposal related costs	**(403)**
Recycling of foreign exchange	**670**
Loss on disposal	**(93)**
Trading loss	**(799)**
Total loss from discontinued operations	**(892)**

A working capital adjustment of £2.4 million was received in accordance with the working capital provisions in sale and purchase agreement.

Included in the loss on disposal is the cost of settling certain warranty claims arising of £0.5 million and transactions costs totalling £1.7 million in respect of legal and professional fees.

Historic differences on retranslation of the disposed subsidiaries totalling £0.7 million, and previously recorded through other comprehensive income and held with the foreign exchange reserve, have been recycled to loss on disposal.

The results of the discontinued operations which have been included in the income statement were as follows:

	Year ended 29 Feb 2020 £'000	Year ended 28 Feb 2019 £'000
Revenue	10,320	32,276
Costs	(10,982)	(34,465)
Specific Items	(113)	(20,616)
Loss before taxation	(775)	(22,805)
Taxation	(24)	105
Loss for the year	(799)	(22,700)

The basic and diluted earnings per share in respect of discontinued operations were as follows:

	Year ended 29 Feb 2020 £'000	Year ended 28 Feb 2019 £'000
Basic earnings/(loss) per share	(2.86)	(73.52)
Diluted earnings/(loss) per share	(2.86)	(73.52)

During the year the discontinued operations had net operating cashflows of <£0.9 million (2019: <£0.8 million). There were no cash outflows relating to financing or investing activities (2019: £nil).

Note 6 - Dividends

Amounts recognised as distributions to equity holders in the year:

	2020 £'000	2019 £'000
Ordinary shares of 10 pence each		
Final of 10.0 pence per share for the year ended 28 February 2019 (2018: 5.0 pence per share)	**3,066**	**3,079**
Interim of 5.0 pence per share paid (2018: 5.0 pence per share)	**1,564**	**1,537**
	4,630	**4,616**

The Board has prudently decided that it will not recommend a final dividend in respect of the financial year ended 29 February 2020.

The right to receive dividends on the shares held in the ESOP has been waived. The dividend saving through the waiver is £87,000 (2019: £104,000).

Note 7 - Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding 410,690 ordinary shares held by the Employee Share Ownership Plan (2019: 768,991 shares) which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary shares. The Group has one class of dilutive ordinary shares, being those options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. The Group has other potential dilutive ordinary shares, including convertible loan notes, however these are not currently dilutive.

Total operations	2020 £'000	2019 £'000
Profit/(Loss) for the year attributable to shareholders	**4,016**	**(27,365)**

	Pence	pence
Basic earnings per share	**12.88**	**(88.63)**
Effect of dilutive share options	**(1.24)**	**–**
Diluted earnings per share	**11.64**	**(88.63)**

As any potential ordinary shares would have the effect of decreasing a loss per share in the prior year, they have not been treated as dilutive.

Underlying operations	2020 £'000	2019 £'000
Underlying profit from continuing operations for the year attributable to shareholders	**7,776**	**7,200**

	Pence	pence
Basic earnings per share	**24.94**	**23.32**
Effect of dilutive share options	**(2.40)**	**(1.96)**
Diluted earnings per share	**22.54**	**21.36**

Continuing operations	2020 £'000	2019 £'000
Profit/(loss) from continuing operations for the year attributable to shareholders	**4,908**	**(4,665)**

	Pence	pence
Basic earnings per share	**15.74**	**(15.11)**
Effect of dilutive share options	**(1.51)**	**-**
Diluted earnings per share	**14.23**	**(15.11)**

The weighted average number of shares used in basic earnings per share is 31,176,947 (2019: 30,876,631).

The weighted average number of shares used in the diluted earnings per share is 34,494,250 (2019: 33,700,210) after adjusting for the effect of 3,317,303 (2019: 2,823,579) dilutive share options.

Note 8 - Investment in associate

On 21 June 2019 the Group recognised an investment in associate as a result of the divestment of the Offshore, Marine and Adjusting product lines in return for a significant minority shareholding in AqualisBraemar ASA (See Note 5).

On completion, 14,865,621 ordinary shares in AqualisBraemar ASA were issued to the Group. Warrants were also issued to the Group, which if successfully vested will take overall equity ownership up to 33%. On 16 July 2019 the Group acquired a further 4,375,000 shares through a private placement at a cost of £1.6 million.

AqualisBraemar ASA is listed on the Oslo Bors, its principal place of business is Oslo andits registered address is Olav Vs gate 6, 0161, Oslo
Norway. AqualisBraemar ASA has one share class and each share carries one vote. At 29 February 2020 the Group's shareholding was 19,240,621 ordinary shares which equates to 27.3% of AqualisBraemar ASA's share capital and 27.3% of voting rights.

The share price of AqualisBraemar ASA on 29 February 2020 was NOK 3.70. The market value of the Group's shareholding at 29 February 2020 was £5.9 million (NOK 71.2 million).

The investment in associate has been accounted for using the equity method.

	£'000 Total
At 1 March 2019	**-**
Cost of investment	**5,395**
Private placement	**1,605**
Gain on bargain purchase	**818**
Share of loss in associate - underlying	**(262)**
Share of loss in associate - specific	**(120)**
Foreign exchange movements	**(121)**
At 29 August 2020	**7,315**

A purchase price allocation "PPA" exercise was carried out to compare the fair value of the Group's share of identifiable net assets in AqualisBraemar ASA to the fair value of the purchase price. The notional PPA exercise resulted in a bargain purchase of £0.8 million which increased the carrying value of the investment in associate to £6.2 million. The gain on bargain purchase arises as a result of the fair value of the identifiable net assets acquired through the notional PPA exercise being greater than the cost of acquisition of the investment in AqualisBraemar ASA.

Management has reviewed the carrying value of the investment at 29 February 2020 and do not consider this to be impaired.

IAS 28 requires the most recent financial statements of an associate are used for accounting purposes, and that co-terminous information should be used unless it is impractical to do so. AqualisBraemar ASA have a year end of 31 December and for practical reasons AqualisBraemar ASA full year accounts will be used for the purposes of the Group's full year reporting at 29 February with adjustments made for any significant transactions and events. For the period to 29 February 2020 the Group has included its share of the AqualisBraemar ASA results to 31 December 2019. There were no other significant transactions or events between 31 December 2019 and 29 February 2020. At 31 December 2019 AqualisBraemar ASA had no contingent liabilities.

The summarised financial information of AqualisBraemar ASA for the period ended 31 December 2019 is as follows. These figures are taken from the annual report of AqualisBraemar ASA, adjusted for any fair value adjustments but before any intercompany eliminations.

	31 Dec 2019 £'000
Balance sheet	
Current assets	36,741
Non-current assets	2,633
Current Liabilities	(9,155)
Non-current liabilities	(3,450)
Net Assets (100%)	**26,769**

Group share of net assets (27.3%)	**7,315**
Income statement	
Revenues	42,650
Post-tax profit	7,034
Total comprehensive income	7,105
Dividends received from associate	-

The share of loss in associate recognised during the year has been adjusted for the elimination of gains and losses on transactions with AqualisBraemar ASA.

Note 9 - Events after the reporting date

On 11 March 2020 COVID-19 the World Health Organisation declared COVID-19 a pandemic. The Group has considered the impact of this on the financial statements at 29 February 2020 and have concluded this is a non-adjusting event after the reporting period.

The Group has monitored trading up to the date of authorising and issuing the financial statements. Despite the ongoing uncertainty, the financial year commencing 1 March 2020 has started in line with budget. On the assumption that world trade slowly returns to a degree of normality over the next three months and there is no widespread second wave COVID-19 lock down, the Group does not estimate that COVID-19 will have any permanent significant financial effect.

On 28 May 2020 AqualisBraemar ASA released Q1 results to 31 March 2020. The fair value of the warrants at 31 March 2020 was reduced to £0.1 million.