BRAEMAR

Shipbroking
Technical
Logistics
Financial

INTERIM REPORT 2017

WHAT WE DO

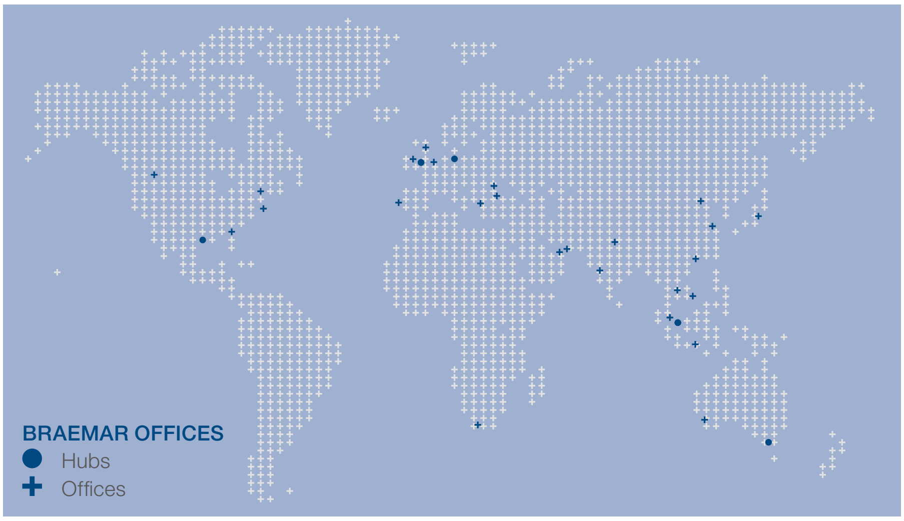
Braemar provides expert market knowledge, professional skills and advice to the shipping and energy markets.

We also provide technical advice and services to the owners and users of vessels, insurers and major energy companies.

We aim to build long-term relationships with our clients based on trust and mutual understanding. Each segment of our diverse portfolio of businesses specialises in a sector of the market, but are all interconnected and capable of servicing the same clients.

Our assets are our people, their client relationships, our reputation and our corporate brand. The name "Braemar" embodies expertise, trust, reliability, respectability and ethical conduct.

GLOBAL COVERAGE



OPERATIONAL KEY POINTS

- Shipbroking division achieved a resilient revenue performance and has maintained a strong forward order book to support full year performance.
- The Technical division recorded an improved performance, following the programme of business restructuring. Significant new project work has commenced early in the second half of the year.
- Logistics, our smallest division, was slightly behind prior year performance, however new contracts have come on stream in the second half of the year.
- Acquisition of NAVES Corporate Finance GmbH ("NAVES"), a financial advisory business focussed on the maritime industry, completed on 26 September 2017. This acquisition has established a new Financial division for the Group and marks a significant milestone in Braemar's business development.

Summary financial results

	Underlying* Results			Reported Results		
	H1 2017/18	H1 2016/17	FY 2016/17	**H1 2017/18**	H1 2016/17	FY 2016/17
Revenue	**£66.6m**	£70.2m	£139.8m	**£66.6m**	£70.2m	£139.8m
Operating Profit	**£2.3m**	£2.8m	£3.5m	**£0.5m**	£0.3m	£(0.3)m
Basic Earnings per Share	**5.39p**	7.83p	8.73p	**0.18p**	0.38p	(1.66)p

* Underlying measures above are before non-recurring specific items, including restructuring costs and acquisition related expenditure.

	Specific items		
	H1 2017/18	H1 2016/17	FY 2016/17
Restructuring costs	**–**	£(1.5)m	£(3.0)m
Acquisition related expenditure	**£(1.8)m^**	£(1.1)m	£(2.5)m
Gain on sale of investment	**–**	–	£1.7m

^ Acquisition related expenditure includes £0.9m associated with the acquisition of NAVES.

FINANCIAL KEY POINTS

Improving financial performance after a challenging end to the prior financial year

Revenue in the first half

£66.6m

(Interim 2016/17: £70.2m)

Underlying* operating profit

£2.3m

(Interim 2016/17: £2.8m), before charging one-off acquisition related expenditure of £1.8m (Interim 2016/17: £2.5m)

Underlying* basic EPS

5.39p

(Interim 2016/17: 7.83p)

Cash generated from operations

£3.5m

(Interim 2016/17: £(1.4)m)

Net cash at 31 August 2017

£6.4m

(£0.7m at 31 August 2016)

Interim dividend

5.0p

per share

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WHO WE ARE

We comprise four operating divisions which provide highly skilled services to our clients from our global office network.

OUR DIVISIONS

SHIPBROKING

Revenue

£30.4m

Braemar ACM provides shipbroking services as agent to the owners and charterers of vessels. We operate from a global network of offices with hub offices in London, Singapore, Houston and Melbourne.

Braemar ACM's brokers are specialists in their areas of expertise and cover the vast majority of shipping sectors. Whether facilitating sale and purchase transactions, arranging spot or time charters or providing market expertise, our teams are dedicated to their clients' needs.

As we operate in most sectors of the shipping market, there is a natural diversification to our broking portfolio.

TECHNICAL

Revenue

£19.8m

Braemar's Technical division provides a range of shipping, marine, energy, offshore and insurance market related services from a network of offices around the world with hub offices in London, Houston and Singapore. It has a broad technical skill base which covers loss adjusting for the energy markets, marine warranty surveys, marine engineering, vessel design and consultancy and environmental consultancy and project work.

LOGISTICS

Revenue

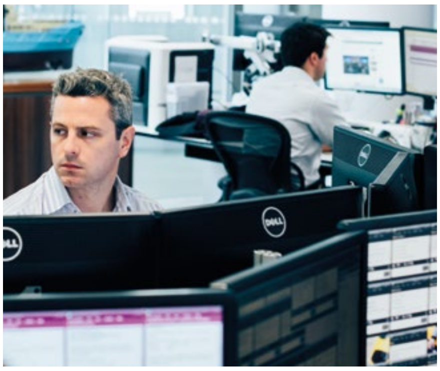
£16.4m

The logistics business trades as Cory Brothers and has been active in ship agency and logistics for nearly 175 years.

As a leading ship agent, we provide critical on-shore services to ease the passage of our clients' vessels as they transit through ports in the UK, Singapore, the US and elsewhere around the world. We also provide freight forwarding and logistics solutions for clients who require a tailored service.

We are able to provide a first-class service through the use of bespoke systems which generate critical management information for our clients.

FINANCIAL



Braemar's new division, Financial, was created following the acquisition of NAVES in September 2017. The business will trade as Braemar NAVES and will advise national and international clients on corporate finance related to the maritime industry including restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management, and financial asset management including loan servicing.

The business is headquartered in Hamburg, Germany, and has a strong track record of performance since being established in 2009. The experienced team of individuals includes former ship brokers, bankers, former employees of ship-owning and managing companies, lawyers, mariners and fleet managers.

The business fits well into the Braemar Group and provides a complementary service offering, with opportunities for increased client services alongside Braemar's other divisions.

CHAIRMAN'S STATEMENT

"We are well placed to deliver a stronger second half business performance compared with the first half of our financial year, as Braemar's improving momentum continues."

Braemar continued to experience challenging market conditions in the first half of the financial year. Management actions taken in the prior year, particularly in the Technical division, addressed the Group's cost base and the Board is optimistic that Braemar is well placed to benefit from the early signs of improving market conditions.

Results

Revenue for the period was £66.6 million which compared with £70.2 million in the first half of 2016/17. Underlying operating profit from continuing operations was £2.3 million compared with £2.8 million in the first half of 2016/17 and profit before tax was £0.3 million compared with £0.2 million in the first half of 2016/17. Underlying earnings per share were 5.39 pence compared with 7.83 pence in the first half of 2016/17 and reported earnings per share were 0.18 pence compared with 0.38 pence in the first half of 2016/17.

Trading

The Shipbroking division, Braemar's largest division, achieved a resilient performance during the first half of 2017/18. Underlying operating profit was lower than the same period last year mainly due to falling tanker rates and low offshore rates. Our forward order book increased by 7% since the start of the year, which will underpin our full year performance.

The Technical division reported a reduced underlying operating loss of £0.4 million versus a loss in the comparative period of £0.6 million and a full year loss of £2.9 million in 2016/17. The restructuring programme completed during 2016/17 is delivering the expected cost savings. The division has won a number of new projects which commenced in September 2017 and are expected to contribute to an improved overall divisional performance.

Logistics, our smallest division, delivered a profit for the period below the equivalent interim 2016/17 result. The port agency business remains strong while our business improvement programme in freight forwarding is ongoing.

The acquisition of NAVES gives the Group access to the valuable maritime financial advisory market through an established, successful business which we intend to be a platform for the expansion of the enlarged Group.

Dividend

The Board has declared an interim dividend of 5.0 pence per share (Full year 2016/17: 14.0p). The interim dividend will be paid on Friday 15 December 2017 to shareholders on the register at the close of business on Friday 3 November 2017.

Board of directors

As announced on 22 June 2017, Lesley Watkins FCA has joined the board of directors and has assumed the Chair of the Audit Committee. The Board would like to welcome Lesley into her new role.

Colleagues

The quality of our people is at the centre of what we do and it is the hard work and creativity of our staff that enables Braemar to build the strength of our brand and reputation to develop our business. The Board would like to recognise and thank our staff for their efforts on behalf of the Group during the period. We would also like to extend a warm welcome to our new colleagues as they join Braemar.

Outlook

We are well placed to deliver a stronger second half business performance compared with the first half of our financial year, as Braemar's improving momentum continues. The principal drivers of this are the continuing recovery in the Technical division following the cost saving measures taken, new project work in our engineering business and a solid pipeline of marine and adjusting business. In addition, the second half will benefit from the initial 5 month contribution from Braemar NAVES.

While our markets remain highly competitive and cyclical, the Group's portfolio of businesses is much better positioned with the addition of a marine financial advisory capability and we intend to develop this alongside our existing operations. We are in line to meet our objectives for the full year.

David Moorhouse CBE
Chairman
20 October 2017

OPERATING AND FINANCIAL REVIEW

"We have continued to invest in the business and made a number of strategic hires of senior individuals and teams."

The trading performance in our major business units for the six months ended 31 August 2017 is detailed below.

Shipbroking

	H1 2017/18	H1 2016/17	FY 2016/17
Revenue	**£30.4 million**	£30.8 million	£63.1 million
Underlying operating profit	**£3.5 million**	£4.0 million	£7.9 million

The Shipbroking division reported a resilient performance in a market that continued to be challenging with lower tanker rates and weak offshore rates. Transaction numbers were similar, or higher on some desks, than the comparable period.

Our total forward order book at the end of the half year was $41.8 million, an increase from $39.0 million at the start of the year. Approximately $18.0 million of this relates to the current financial year.

We have continued to invest in the business and made a number of strategic hires of senior individuals and teams, especially in Dry Cargo.

Deep Sea Tankers

Our deep sea tankers department operates out of London, Singapore, Mumbai, Connecticut, Houston and Dubai and covers the transportation of oil and refined products.

As expected, the tanker markets continued to soften. The Baltic Dirty Tankers Index dropped by 19% from 835 at 28 February 2017 to 677 at 31 August 2017. Whilst demand remained strong, the delivery of additional tonnage with no notable increase in scrapping reduced vessel earnings. Encouragingly, our team maintained its trading volumes.

Specialised Tankers

Our specialised tanker department operates out of London and Singapore and covers the transportation of LNG, LPG, petrochemical gases, chemicals and smaller parcels of products.

There has been a continued expansion to the fleet of LPG and LNG vessels, in particular VLGCs, which put pressure on freight rates in the spot market and challenged demand for time charters. Fixture volumes remained steady and the teams maintained their level of earnings compared with the previous year.

Offshore

Our offshore department, which operates out of London, Aberdeen, Singapore and Houston covers services to offshore drilling and production programmes. As anticipated, the market continued to experience tough conditions as global oil and gas exploration activity remained low although there are signs that the industry is resolving its vessel capacity issues.

Dry Cargo

The Dry Cargo team operates out of London, Singapore, New Delhi, Melbourne and Perth.

The Baltic Dry Index improved year-on-year from an average of 849 during the first half of 2016/17 compared with an average of 1,027 during the first half of 2017/18 as commodity demand grew in the core markets and fleet growth moderated. Improved earnings for ship owners reduced the level of scrapping activity.

The ongoing industrial reforms in China impacted industries like steel, aluminium, coal mining, chemicals and plastics so have been beneficial for dry bulk. Additionally, the growth in China's demand for agribulks continued to support vessel demand.

Sale and Purchase

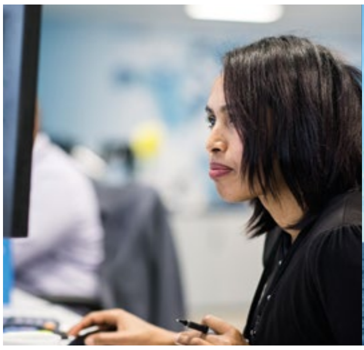
The sale and purchase team operates out of London, Singapore, Beijing and Shanghai.

The team concluded higher average value deals compared with the comparable prior year period, although the volume of second hand and demolition vessel transactions was lower.

OPERATING AND FINANCIAL REVIEW

CONTINUED

"We expect the second half of the year to see a continuing improvement due to a mix of recent contract awards and the expected commencement of pipeline projects, investment in staff to strengthen our service offering, combined with some further cost savings."



The period started well in the Dry Cargo market with strong activity, but as freight rates softened buyers started to hold back, preferring to wait and see how the market developed. We have started to see some improvement in the Tanker market as buyers believe that ship values are unlikely to fall further but the lack of quality second hand vessels coming to market continues to limit activity.

Activity in newbuilding has significantly increased compared with the same period last year. We anticipate that this trend will continue throughout the rest of the year as ship yards seek to fill available berths.

Technical

	H1 2017/18	H1 2016/17	FY 2016/17
Revenue:	**£19.8 million**	£21.7 million	£42.9 million
Underlying operating loss:	**£(0.4) million**	£(0.6) million	£(2.9) million

The Group completed a substantial reorganisation of the division in the prior financial year with the new structure taking effect from 1 March 2017. The division continued to be impacted by low levels of oil and gas exploration and production development activity. Although trading conditions in some areas continued to be quite difficult, there are encouraging signs in both the event and project led businesses.

We expect the second half of the year to see a continuing improvement due to a mix of recent contract awards and the expected commencement of pipeline projects, investment in staff to strengthen our service offering, combined with some further cost savings.

The performance of the division in the first half of 2017/18 by business line is as follows:

Adjusting

Braemar Adjusting, our loss adjusting business, reported increased profits in the period with an encouraging volume of new claims being awarded. The Far East, Middle East and Canadian operations continued to perform above expectations. In addition to the traditional Upstream Oil & Gas activity, our business saw an increase in the number of instructions associated with downstream, power and expert witness activities. We continued to maximise the utilisation of staff across the business by relocating staff to project locations whenever possible.

Marine

Braemar Marine (formerly The Salvage Association), which specialises in hull and machinery damage surveying and marine consultancy, saw high overall activity in the period. We also achieved a number of key wins and positive developments in recent months. The action taken by the business in the previous financial year to address its cost base is bearing fruit.

Response

Braemar Response (formerly Braemar Howells), our incident response and environmental consultancy services business, continued to develop its UK based retainer business.

Offshore

Braemar Offshore, our marine warranty surveying and engineering consultancy business located in the Asia Pacific region, continued to be adversely affected by project delays and reduced activity, in common with all regional service providers to the energy sector. Our workforce was scaled back to match lower levels of demand and low tender pricing.

Engineering

Braemar Engineering, our consultant engineering and naval architecture business, continued to be project focused and was held back in the first half of the year by ongoing project uncertainty. We undertook a programme of substantial reorganisation during the second half of 2016/17 with cost savings being delivered in the current period. Deferred commencement of a significant project impacted the performance of the business in the first half of the year, however this project commenced in mid-September. Encouragingly, the sales pipeline has significantly improved compared with the prior year; specifically related to smaller vessel conversions, bunkering projects and system upgrades and modifications. Also, we have further opportunities secured or under development.

OPERATING AND FINANCIAL REVIEW

CONTINUED

"The closing cash position is a result of management's focus on improving working capital and cash collection."

Logistics

	H1 2017/18	H1 2016/17	FY 2016/17
Revenue:	**£16.4 million**	£17.7 million	£33.9 million
Underlying operating profit:	**£0.6 million**	£0.9 million	£1.3 million

The Logistics division, trading under the name 'Cory Brothers', has extensive industry experience and enjoys a worldwide reputation for meeting a customer's expectations as measured by their key performance indicators. In particular we continue to consolidate and develop our international office network, notably in the US, Europe and South East Asia.

Port Agency

The Ship Agency business services ports in the UK, Singapore, North America and Amsterdam and has joint arrangements with a number of worldwide agency partners. During the first half of the year the Group consolidated and built on the previous year's business development activity in port agency hub services, although this was offset to some extent by a lower market activity. We are continuing to develop our business internationally–as well as maintaining our strong UK base–by delivering consistently high levels of service.

Freight Forwarding

The Freight Forwarding business performance was lower than the prior year following market changes impacting our import business. Our business improvement programme across all service areas is being implemented and we are winning new business, which we expect to accelerate in the second half of the year.

Central costs

	H1 2017/18	H1 2016/17	FY 2016/17
Central costs:	**£1.4 million**	£1.5 million	£2.7 million

Specific items

	H1 2017/18	H1 2016/17	FY 2016/17
Restructuring Costs	**–**	£(1.5) million	£(3.0) million
Acquisition related expenditure	**£(1.8) million**	£(1.1) million	£(2.5) million
Gain on disposal of investment	**–**	–	£1.7 million

The increase in acquisition related expenditure was principally due to costs associated with the acquisition of NAVES. Restructuring costs in the prior year relate to the substantial reorganisation of the Technical division.

The Group did not incur any separately identifiable non-recurring items during the period.

Foreign exchange

The US dollar exchange rate has moved from US$1.24/£1 at the start of the year to US$1.29/£1 at the end of the period. A significant proportion of the Group's revenue is earned in US dollars.

At 31 August 2017, the Group held forward currency contracts to sell US$15.5 million at an average rate of $1.308:£1 and options over a further US$9.0 million at an average rate of $1.315:£1.

Balance sheet

Net assets at 31 August 2017 were £97.0 million (31 August 2016: £101.6 million; 28 February 2017: £100.2 million). The Group paid dividends totalling £1.5 million in the period and purchased 300,000 shares at a cost of £0.9 million into its Employee Share Ownership Trust.

Trade and other receivables have fallen by £3.6 million to £53.6 million compared to £57.2 million at 28 February 2017. Trade and other payables have largely remained flat over the same period which emphasises management's continued focus on managing the Group's working capital.

Borrowings and cash

At the balance sheet date, the Group had bank facilities totalling £30 million, made up of a revolving credit facility of £15 million and an accordion facility of £15 million provided by HSBC. This was increased at the acquisition date of NAVES to a revolving credit facility of £25 million and an accordion facility of £15 million. The Group also has access to global cash management opportunities, notably in our regional hubs of UK and Singapore.

Net cash was £6.4 million at 31 August 2017 compared with net cash of £0.7 million at 31 August 2016 and net cash of £7.1 million at 28 February 2017.

The closing cash position is a result of management's focus on improving working capital and cash collection. We would expect the second half of the year to generate more cash from underlying operations than the first half due to the timing of bonus and dividend payments.

Acquisition accounting

On the 26 September 2017, the Group acquired NAVES for potential maximum consideration of €35 million (subject to a customary working capital adjustment). The acquisition-date fair value accounting exercise had not been completed on the date of signing of the interim financial statements and further details on the Balance Sheet impact of this transaction will be given in the 2018 Annual Report.

Taxation

The effective underlying rate of corporation tax on profits was 22.5% (interim 2016/17: 24.5%). The effective rate of tax is higher than the UK standard rate of corporation tax as a result of disallowed business expenses, the effect of tax deducted on repatriating cash from overseas and higher overseas corporate tax rates.

CONDENSED CONSOLIDATED INCOME STATEMENT

Continuing operations	Notes	Unaudited Six months to 31 Aug 2017 £'000	Unaudited Six months to 31 Aug 2016 £'000	Audited Year ended 28 Feb 2017 £'000
Revenue	4	**66,559**	70,217	139,842
Cost of sales		**(13,801)**	(15,435)	(28,339)
Gross profit		**52,758**	54,782	111,503
Operating (expense)/income				
Other operating costs		**(50,508)**	(51,974)	(108,008)
Restructuring costs	5	**–**	(1,453)	(3,008)
Gain on sale of investment	5	**–**	–	1,664
Acquisition-related expenditure	5	**(1,775)**	(1,066)	(2,485)
		(52,283)	(54,493)	(111,837)
Operating profit/(loss)	4	**475**	289	(334)
Finance income		**20**	13	61
Finance costs		**(213)**	(152)	(364)
Profit/(loss) before taxation		**282**	150	(637)
Taxation	6	**(229)**	(37)	148
Profit/(loss) for the period/year attributable to equity shareholders of the parent		**53**	113	(489)
Earnings per ordinary share	7			
Basic – underlying operations		**5.39p**	7.83p	8.73p
Diluted – underlying operations		**4.86p**	6.96p	7.90p
Basic – profit for the period/year		**0.18p**	0.38p	(1.66)p
Diluted – profit for the period/year		**0.16p**	0.34p	(1.66)p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months to 31 Aug 2017 £'000	Unaudited Six months to 31 Aug 2016 £'000	Audited Year ended 28 Feb 2017 £'000
Profit/(loss) for the period/year	**53**	113	(489)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial loss on employee benefit schemes – net of tax	**–**	(3,611)	(2,956)
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences on retranslation of foreign operations	**(2,668)**	1,539	2,172
Cash flow hedges – net of tax	**621**	89	305
Total comprehensive expense for the period/year attributable to the equity shareholders of the parent	**(1,994)**	(1,870)	(968)

CONDENSED CONSOLIDATED BALANCE SHEET

Assets	Notes	Unaudited As at 31 Aug 2017 £'000	Unaudited As at 31 Aug 2016 £'000	Audited As at 28 Feb 2017 £'000
Non-current assets				
Goodwill		**77,624**	77,484	77,806
Other intangible assets		**2,196**	2,450	2,215
Property, plant and equipment		**3,849**	4,996	4,561
Investments		**1,356**	1,599	1,356
Deferred tax assets		**3,833**	3,999	3,584
Other receivables		**344**	458	385
		89,202	90,986	89,907
Current assets				
Trade and other receivables	9	**53,593**	60,559	57,199
Cash and cash equivalents		**6,350**	8,079	7,674
		59,943	68,638	64,873
Total assets		**149,145**	159,624	154,780
Liabilities				
Current liabilities				
Derivative financial instruments		**76**	1,123	852
Trade and other payables		**45,347**	41,698	45,855
Short term borrowings		**–**	7,335	622
Current tax payable		**845**	743	996
Provisions		**572**	577	854
		46,840	51,476	49,179
Non-current liabilities				
Deferred tax liabilities		**866**	671	836
Pensions deficit		**4,022**	5,500	4,305
Provisions		**399**	378	288
		5,287	6,549	5,429
Total liabilities		**52,127**	58,025	54,608
Total assets less total liabilities		**97,018**	101,599	100,172
Equity				
Share capital	10	**3,018**	3,016	3,018
Share premium	10	**52,510**	52,467	52,510
Shares to be issued		**(1,289)**	(2,665)	(2,962)
Other reserves	11	**26,904**	28,102	28,951
Retained earnings		**15,875**	20,679	18,655
Total equity		**97,018**	101,599	100,172

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited Six months to 31 Aug 2017 £'000	Unaudited Six months to 31 Aug 2016 £'000	Audited Year ended 28 Feb 2017 £'000
Cash flows from operating activities				
Cash generated from/(used in) operations	16	**3,461**	(1,397)	6,630
Interest received		**20**	13	61
Interest paid		**(213)**	(152)	(364)
Tax paid		**(724)**	(1,504)	(1,656)
Net cash generated from/(used in) operating activities		**2,544**	(3,040)	4,671
Cash flows from investing activities				
Purchase of property, plant and equipment and computer software		**(380)**	(349)	(990)
Proceeds from sale of investments		**–**	–	1,779
Acquisition related fees		**(382)**	–	–
Other long-term assets		**40**	(166)	(30)
Net cash (used in)/from investing activities		**(722)**	(515)	759
Cash flows from financing activities				
Proceeds from borrowings		**–**	7,335	622
Repayment of borrowings		**(622)**	(2,300)	(2,300)
Proceeds from issue of ordinary shares		**–**	158	203
Dividends paid	8	**(1,473)**	(5,020)	(7,858)
Purchase of own shares		**(850)**	(458)	(650)
Net cash used in financing activities		**(2,945)**	(285)	(9,983)
Increase/(decrease) in cash and cash equivalents		**(1,123)**	(3,840)	(4,553)
Cash and cash equivalents at beginning of the period/year		**7,674**	11,497	11,497
Foreign exchange differences		**(201)**	422	730
Cash and cash equivalents at end of the period/year		**6,350**	8,079	7,674

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2017		3,018	52,510	(2,962)	28,951	18,655	100,172
Profit for the period		–	–	–	–	53	53
Foreign exchange differences		–	–	–	(2,668)	–	(2,668)
Cash flow hedges – net of tax		–	–	–	621	–	621
Total comprehensive income		–	–	–	(2,047)	53	(1,994)
Dividends paid	8	–	–	–	–	(1,473)	(1,473)
Purchase of shares		–	–	(850)	–	–	(850)
ESOP shares allocated		–	–	2,523	–	(2,523)	–
Credit in respect of share option schemes		–	–	–	–	1,163	1,163
Balance at 31 August 2017		**3,018**	**52,510**	**(1,289)**	**26,904**	**15,875**	**97,018**
At 1 March 2016		3,011	52,314	(3,439)	26,474	28,945	107,305
Profit for the period		–	–	–	–	113	113
Actuarial loss on employee benefits schemes – net of tax		–	–	–	–	(3,611)	(3,611)
Foreign exchange differences		–	–	–	1,539	–	1,539
Cash flow hedges – net of tax		–	–	–	89	–	89
Total comprehensive income		–	–	–	1,628	(3,498)	(1,870)
Dividends paid	8	–	–	–	–	(5,020)	(5,020)
Issue of shares		5	153	–	–	–	158
Purchase of shares		–	–	(458)	–	–	(458)
ESOP shares allocated		–	–	1,232	–	(1,232)	–
Credit in respect of share option schemes		–	–	–	–	1,484	1,484
Balance at 31 August 2016		**3,016**	**52,467**	**(2,665)**	**28,102**	**20,679**	**101,599**

UNAUDITED NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 AUGUST 2017

1. GENERAL INFORMATION
Braemar Shipping Services plc (the "Company") is a Public Limited Company incorporated and domiciled in England and Wales. The interim condensed consolidated financial statements of the Company for the six months ended 31 August 2017 comprise the Company, its subsidiaries and the employee share ownership trust (together referred to as the "Group"). The address of the Company's registered office is One Strand, Trafalgar Square, WC2N 5HR, United Kingdom. The interim condensed consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the directors on 20 October 2017.

These interim condensed consolidated financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006, but have been reviewed by KPMG LLP, the Group's auditor. The audited statutory accounts for the year ended 28 February 2017 have been delivered to the Registrar of Companies in England and Wales. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements under Section 498 of the Companies Act 2006. The interim condensed consolidated financial statements have been prepared on a going concern basis.

Forward-looking statements
Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Accounting estimates and critical judgements
The preparation of interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements as at and for the year ended 28 February 2017.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE
The condensed consolidated interim financial information for the six months ended 31 August 2017 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The interim condensed consolidated financial report should be read in conjunction with the Group's Annual Report 2017 for the year ended 28 February 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

3. ACCOUNTING POLICIES
Changes in accounting policies
The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those of the Annual Report for the year ended 28 February 2017, as included in those annual financial statements.

The Group has re-presented restructuring costs totalling £1.5 million for the comparative period ended 31 August 2016 to align with the accounting policies applied for the financial year ended 28 February 2017. In the prior year interim results these costs were classified within Other operating costs.

During the period, a number of amendments to existing accounting standards became effective. These have been considered by the directors and have not had a significant impact on the Group's interim condensed consolidated financial statements.

As at the date of authorisation of these interim financial statements, the following standards and interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The Group has not applied these standards and interpretations in the preparation of these financial statements.

- IFRIC 23 'Uncertainty over income tax treatments', effective from 1 January 2019 and not yet endorsed by the EU.
- Amendment to IAS 7, 'Statement of cash flows' regarding the disclosure initiative is not yet EU endorsed.
- Amendment to IAS 12, 'Income taxes' regarding recognition of deferred tax assets for unrealised losses is not yet EU endorsed.
- Annual improvements to IFRSs: 2014-2016 is not yet EU endorsed.
- IFRS 9, 'Financial instruments', effective from 1 January 2018. The standard applies to the classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting.
- IFRS 15, 'Revenue from contracts with customers', effective from 1 January 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.
- IFRS 16, 'Leases', effective from 1 January 2019. This standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.

The impact on the Group's financial statements of the future adoption of these and other new standards and interpretations is still under review and further disclosure will be provided in the annual report for the year ending 28 February 2018.

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 AUGUST 2017 CONTINUED

4. SEGMENTAL INFORMATION

The Group's reportable segments are trading divisions that are managed separately. Separation of management is due to a combination of factors including the variety of services provided and method of service delivery.

The reportable segments reflect the way financial information is reviewed by the Group's Chief Operating Decision Maker ("CODM"). The CODM for the Group is the Board of Directors. Following the acquisition of NAVES, a new Financial division has been created.

	Revenue			Results		
	H1 2017/18 £'000	H1 2016/17 £'000	FY 2016/17 £'000	**H1 2017/18 £'000**	H1 2016/17 £'000	FY 2016/17 £'000
Shipbroking	**30,356**	30,826	63,132	**3,468**	4,022	7,882
Technical	**19,784**	21,726	42,860	**(360)**	(559)	(2,920)
Logistics	**16,419**	17,665	33,850	**574**	864	1,254
Trading segments revenue/results	**66,559**	70,217	139,842	**3,682**	4,327	6,216
Central costs				**(1,432)**	(1,519)	(2,721)
Underlying operating profit				**2,250**	2,808	3,495
Acquisition related expenditure				**(1,775)**	(1,066)	(2,485)
Restructuring costs				**–**	(1,453)	(3,008)
Gain on sale of investment				**–**	–	1,664
Operating profit/(loss)				**475**	289	(334)
Finance expense – net				**(193)**	(139)	(303)
Profit/(loss) before taxation				**282**	150	(637)
Taxation				**(229)**	(37)	148
Profit/(loss) for the period from continuing operations				**53**	113	(489)

The Group does not allocate income tax expense or interest to reportable segments. Treasury management is centralised for the Group.

Assets and liabilities information is reported internally in total and not by reportable segment and, accordingly, no information is provided in this note on assets and liabilities split by reportable segment.

5. SPECIFIC ITEMS

During the period, the Group incurred the following non-recurring and acquisition-related items:

	Six months to 31 Aug 2017 £'000	Six months to 31 Aug 2016 £'000	Year ended 28 Feb 2017 £'000
Restructuring costs	**–**	(1,453)	(3,008)
Gain on sale of investment	**–**	–	1,664
Acquisition related expenditure			
– Amortisation charge of intangible assets	**(92)**	(188)	(501)
– Group share retention plan directly attributable to the acquisition of ACM Shipping Group plc	**(547)**	(878)	(1,475)
– Other acquisition related costs	**(1,136)**	–	(509)
	(1,775)	(1,066)	(2,485)

Other acquisition related costs include £905,000 in the period of fees in relation to the acquisition of NAVES Corporate Finance GmbH (see note 14). The remaining costs in relation to this acquisition will be incurred in the second half of the year.

6. TAXATION

Current tax expense for the interim periods presented is the expected tax payable on the taxable net income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are enacted or substantively enacted at the balance sheet date.

The Group's consolidated effective tax rate for the six months ended 31 August 2017 was 22.5% (six months ended 31 August 2016: 24.5%), which primarily reflects the change in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017).

UNAUDITED NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 AUGUST 2017 CONTINUED

7. EARNINGS PER SHARE

Total operations	Six months to 31 Aug 2017 £'000	Six months to 31 Aug 2016 £'000	Year ended 28 Feb 2017 £'000
Profit/(loss) for the period/year attributable to equity holders of the parent	**53**	113	(489)
	pence	pence	pence
Basic earnings/(loss) per share	**0.18**	0.38	(1.66)
Effect of dilutive share options	**(0.02)**	(0.04)	–
Diluted earnings/(loss) per share	**0.16**	0.34	(1.66)
Underlying operations (excluding specific items)			
Profit for the period attributable to equity shareholders of the parent	**1,582**	2,304	2,576
	pence	pence	pence
Basic earnings per share	**5.39**	7.83	8.73
Effect of dilutive share options	**(0.53)**	(0.87)	(0.83)
Diluted earnings per share	**4.86**	6.96	7.90

Earnings per share for the comparative period ended 31 August 2016 has been restated following the re-presentation of restructuring costs to align to accounting policies applied for the financial year ended 28 February 2017.

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

8. DIVIDENDS

The following dividends were paid by the Group:

	Six months to 31 Aug 2017 £'000	Six months to 31 Aug 2016 £'000	Year ended 28 Feb 2017 £'000
Ordinary shares of 10 pence each			
Final of 5.0 pence per share (2016: 17.0 pence per share)	**1,473**	5,020	5,020
Interim of 9.0 pence per share paid (2016: 9.0 pence per share)	**–**	–	2,838
	1,473	5,020	7,858

The Directors have declared an interim dividend of 5.0 pence per ordinary share, payable on 15 December 2017 to shareholders on the register on 3 November 2017.

9. TRADE AND OTHER RECEIVABLES

	As at 31 Aug 2017 £'000	As at 31 Aug 2016 £'000	As at 28 Feb 2017 £'000
Trade receivables	**39,987**	44,497	45,120
Provision for impairment of trade receivables	**(5,270)**	(5,424)	(5,826)
	34,717	39,073	39,294
Other receivables	**4,859**	6,166	5,964
Accrued income	**10,665**	11,911	9,790
Prepayments	**3,352**	3,409	2,151
	53,593	60,559	57,199

The Directors consider that the carrying amounts of trade receivables approximate to their fair value.

UNAUDITED NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 AUGUST 2017 CONTINUED

10. SHARE CAPITAL

	Number of shares (thousands)	Ordinary Shares £'000	Share Premium £'000	Total £'000
At 1 March 2017	30,173	3,018	52,510	55,528
At 31 August 2017	**30,173**	**3,018**	**52,510**	**55,528**
At 1 March 2016	30,114	3,011	52,314	55,325
Shares issued and fully paid	47	5	153	158
At 31 August 2016	**30,161**	**3,016**	**52,467**	**55,483**

11. OTHER RESERVES

	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total other reserves £'000
At 1 March 2017	396	21,346	7,891	(682)	28,951
Cash flow hedges					
– Fair value gains in the period	–	–	–	621	621
Foreign exchange differences	–	–	(2,668)	–	(2,668)
At 31 August 2017	**396**	**21,346**	**5,223**	**(61)**	**26,904**

	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total other reserves £'000
At 1 March 2016	396	21,346	5,719	(987)	26,474
Cash flow hedges					
– Transfer to net profit	–	–	–	1,233	1,233
– Fair value gains in the period	–	–	–	(1,122)	(1,122)
Foreign exchange differences	–	–	1,539	–	1,539
Deferred tax on items taken to equity	–	–	–	(22)	(22)
At 31 August 2016	**396**	**21,346**	**7,258**	**(898)**	**28,102**

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

12. CONTINGENCIES
From time to time the Group may be engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Group's consolidated results or net assets.

13. RELATED PARTIES
The Group's related parties are unchanged from 28 February 2017 and there have been no significant related party transactions in the six months ended 31 August 2017. Additional related parties derived from the acquisition of NAVES will be disclosed in the Annual Report for the year ending 28 February 2018.

For further information about the Group's related parties, please refer to the Group's Annual Report 2017 for the year ended 28 February 2017.

14. EVENTS AFTER THE REPORTING DATE
On 26 September 2017, the Group acquired the entire share capital of NAVES Corporate Finance GmbH ("NAVES"). NAVES is an established and successful business, headquartered in Hamburg, Germany, which advises national and international clients on corporate finance related to the maritime industry including restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management, and financial asset management including loan servicing.

The deal aligns with the Group's strategy of diversifying business operations through acquisitive development. The acquisition of NAVES provides the Group with multiple benefits, with the main drivers being entry to the valuable maritime financial advisory market; continued growth opportunities; complementary services and skills that broaden and enhance the Group's offering to clients; opportunities for collaboration between divisions; geographic expansion; and an additional source of revenue with added earnings strength.

The acquisition agreement provides for a minimum consideration of €24 million (subject to a customary working capital adjustment) and a maximum consideration of €35 million. Management Sellers represent Mark Kuchenbecker and Axel Siepmann, the managing partners of NAVES, and Non-management Sellers represent other investors.

UNAUDITED NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 AUGUST 2017 CONTINUED

14. EVENTS AFTER THE REPORTING DATE CONTINUED
The initial consideration payable at completion is:

- €14.8 million (subject to a customary working capital adjustment), 50% of which was paid in cash, and 50% satisfied by the issue of Convertible Loan Notes; and
- €1.5 million, to be satisfied by the issue of 458,166 Ordinary Shares to Non-management Sellers only (representing a price of 300.2 pence per Ordinary Share (being the Reference Price)).

Three annual instalments of €1.4 million will be payable to the Sellers, 50% in cash and 50% satisfied by the issue of Convertible Loan Notes. Interest at a rate of 3% per annum will accrue on each of these tranches from the date of issue until the date of payment of the relevant tranche.

Five annual instalments of €0.7 million will be payable to Management Sellers only to be satisfied by the issue of Convertible Loan Notes.

An additional aggregate amount of up to €11.0 million (being the balance of the maximum Consideration) may be payable over the three years following completion in accordance with the terms and conditions in the acquisition agreement which provide as follows:

- payable to the Management Sellers only and satisfied wholly by the issue of Convertible Loan Notes;
- payable annually in tranches of €3.7 million (in each case within 30 days of the determination of NAVES' EBIT for the relevant period); and
- requires NAVES to deliver EBIT in excess of €2.0 million in each period to trigger payment with the maximum consideration payable in each year if EBIT of €4.4 million is delivered (subject, in each case, to certain agreed adjustments).

Leaver provisions provide that if either of Mark Kuchenbecker or Axel Siepmann resigns or is dismissed for cause, then each Management Seller shall have its entitlements to receive further payments of the deferred consideration and earn-out consideration reduced by an amount equal to the relevant individual's percentage ownership interest in each relevant Management Seller.

NAVES generated revenue and underlying operating profit for the year ended 31 December 2016 of €7.5 million and €3.0 million respectively.

Costs of £0.9 million associated with the acquisition were incurred during the period ending 31 August 2017 and have been classified as acquisition-related expenditure in the condensed consolidated income statement.

The acquisition-date fair value accounting exercise had not been completed on the date of signing of the interim financial statements.

15. PRINCIPAL RISKS
The directors consider that the principal risks and uncertainties that could have a material effect on the Group's performance are unchanged from those identified on pages 26 to 29 of the Annual Report 2017. These include risks associated with our staff and cost structure arising from reliance on key people and our ability to retain our most important and high quality staff; risks arising from commercial, worldwide and external forces such as downturn in market conditions and the risk of increased competition across our various businesses; financial risks including currency exposure, particularly in relation to the value of the US dollar, and liquidity risk associated with the control of our working capital; professional conduct risks such as reputational damage to the Braemar corporate brand or professional error resulting in loss of value of client assets; and IT and communications risk including loss of IT service and cyber crime.

The Group holds professional indemnity insurance to an amount considered adequate for its size and potential exposure.

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 AUGUST 2017 CONTINUED

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Unaudited Six months to 31 Aug 2017 £'000	Unaudited Six months to 31 Aug 2016 £'000	Audited Year ended 28 Feb 2017 £'000
Profit/(loss) before tax for the period/year	**282**	150	(637)
Adjustments for:			
– Depreciation of property, plant and equipment	**585**	356	1,083
– Amortisation of computer software	**323**	264	549
Specific items:			
– Restructuring costs	**–**	1,453	3,008
– Gain on disposal of investment	**–**	–	(1,664)
– Amortisation of other intangible assets	**92**	188	501
– Other specific items	**1,683**	878	1,984
Finance income	**(20)**	(13)	(61)
Finance expense	**213**	152	364
Share based payments (excluding restricted share plan)	**621**	605	1,315
Net foreign exchange gains/(losses) & financial instruments	**163**	311	(307)
Changes in working capital:			
– Trade and other receivables	**3,607**	(2,424)	254
– Trade and other payables	**(3,622)**	(1,323)	3,062
Contribution to defined benefit pension scheme	**(283)**	(225)	(450)
Expenditure on restructuring	**–**	(1,453)	(2,152)
Provisions	**(183)**	(316)	(219)
Cash generated from/(used in) operations	**3,461**	(1,397)	6,630

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm, to the best of their knowledge, that the consolidated interim financial information has been prepared in accordance with IAS34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency rules of the United Kingdom's Financial Conduct Authority.

The directors of Braemar Shipping Services plc are listed below.

By order of the board

David Moorhouse CBE, Chairman
Jürgen Breuer, Non-Executive Director
Alastair Farley, Non-Executive Director
Mark Tracey, Non-Executive Director
Lesley Watkins, Non-Executive Director

James Kidwell, Chief Executive
Louise Evans, Finance Director

Peter Mason, Company Secretary

INDEPENDENT REVIEW REPORT TO BRAEMAR SHIPPING SERVICES PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2017 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2017 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Jonathan Downer
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
20 October 2017

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