11 November 2020

BRAEMAR SHIPPING SERVICES PLC

(“Braemar”, the “Company” or the “Group”)

Unaudited interim results for the six months ended 31 August 2020

Shipbroking drives stronger performance

Braemar Shipping Services plc (LSE: BMS), a leading international provider of shipbroking, financial advisory, and logistics services principally to the shipping and energy industries, today announces its unaudited half-year results for the six months ended 31 August 2020.

	Underlying results*			Reported results**	
	H1 2020/21 £m	**H1 2019/20 £m**	**Change %**	**H1 2020/21 £m**	**H1 2019/20 £m**
Revenue	56.3	57.6	(2%)	56.3	57.6
Operating profit/(loss)	5.6	4.2	33%	3.6	(0.6)
Profit/(loss) before tax	5.7	3.5	63%	3.7	(0.8)
Earnings/(loss) per share	16.3p	11.2p	47%	3.5p	(6.8)p
Dividend per share	-	5.0p	(100%)	-	5.0p

* Underlying profit measures above are before non-recurring specific items, including acquisition-related charges and loss from discontinued operations.

** Reported results are from continuing operations only, comparatives have been re-presented in relation to discontinued operations.

OPERATIONAL KEY POINTS

- Strong first half trading performance ahead of expectations - growth in underlying operating profit of 33%
- Another strong performance by Shipbroking especially from Tankers
- Steady trading in Logistics with operating profit unchanged
- Increased success fees in the Financial Division, although offset by bad debt provisions
- Completion of Strategic Review and decision to divest the Engineering Division, Wavespec
- Share of AqualisBraemar underlying profits increased to £0.6 million (2019: £0.0m)
- Employee safety prioritised and transition to home working completed again in response to recent English lock down

FINANCIAL KEY POINTS

- Revenue 2% lower in the first half at £56.3 million (2019: £57.6m)
- Underlying operating profit from continuing operations increased substantially by 33% to £5.6 million (2019: £4.2m)
- Reported continuing profit before tax of £3.7 million (2019: £(0.8)m)
- Wavespec now engaged in sale process and presented as discontinued operations
- Net debt of £19.3 million (2019: £18.8 million)

Trading update and Outlook

- Appointment of James Gundy, Braemar's Head of Shipbroking, to the position of Group Chief Executive with effect from 1 January 2021
- Future strategic direction to be shaped around continuing to grow the Shipbroking business
- As recently announced, new strategic investment in the Shipbroking and trading technology space via Zuma Labs
- Shipping markets seasonally weak and future trading uncertainties persist
- Trading for the full financial year remains in line with current expectations

Ronald Series, Executive Chairman of Braemar, commenting on the performance and outlook said: "Whilst markets remain volatile, we remain optimistic that trading for the year will be in line with expectations. Shipbroking remains central to everything that we do, and we are pleased with the progress that we've made so far this year in focussing on and developing our global shipbroking business and we look forward to further growth initiatives next year and in the years to come."

Results briefing

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

A copy of the audiocast will be made available on the Investor Relations website after noon today: https://braemar.com/investors/

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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About Braemar Shipping Services plc

Braemar Shipping Services plc is a leading international provider of shipbroking, financial advisory, and logistics 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

Reconciliation of underlying profit before tax to reported profit/(loss) after tax for the period

	H1 2020/21	H1 2019/20
Underlying profit before tax	£5.7m	£3.5m
Acquisition & disposal related charges	£(2.0)m	£(3.4)m
Restructuring costs	-	£(1.4)m
Specific finance costs	£(0.2)m	£(0.3)m
Specific share of associate profit	£0.2m	£0.8m
Reported profit from continuing operations before tax	£3.7m	£(0.8)m
Taxation	£(0.6)m	£(0.1)m
Loss from discontinued operations	£(2.0)m	£(1.2)m
Reported profit/(loss) after tax	£1.1m	£(2.1)m

Acquisition related charges includes costs directly associated with the purchase of NAVES and Atlantic as well as the run off of the equity-based retention programme established in connection with the merger with ACM Shipping Group plc. Specific costs in the prior period relate to restructuring costs in the Logistics Division and Board changes during the period.

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, underlying profit before tax 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.

CHAIRMAN'S STATEMENT

Results

A strong performance in the Shipbroking Division led to improved profits in the first half of the current financial year despite a small decrease in revenues. Operating profits increased significantly in Shipbroking due in part to lower costs but were unchanged from last year in the Logistics Division and slightly lower in the Financial Division.

Revenue for the period decreased only by 2% to £56.3 million (2019: £57.6 million) but underlying operating profit from continuing operations was up strongly by 33% at £5.6 million compared with £4.2 million in the previous year. Included within reported underlying earnings is the Group's underlying share of associate profits for AqualisBraemar of £0.6 million (2019/20 £0.0 million) which shows good progress in the integration of the two businesses since the merger completed on 21 June 2019.

The reported profit after tax from continuing operations was £3.1 million compared with a loss of £(0.9) million in 2019/20. This reflects lower levels of deferred accounting charges in relation to the Group's acquisitions of Braemar NAVES and Braemar Atlantic than in the previous year as well as the improved underlying trading performance.

Underlying earnings per share were 16.3p compared with 11.2p in the first half of 2019/20 and the reported earnings per share were 3.5p compared with a loss of (6.8)p per share in the first half of 2019/20. Comparatives for 2019/20 have been represented in relation to discontinued operations.

Trading

In what was a very challenging period, the Shipbroking Division achieved revenue growth of 2% and underlying operating profit growth of 24%, mainly due to cost savings. This was driven by Tankers but it was pleasing to see improved performances from both Dry Cargo and Sale and Purchase as we progressed through the period. The Logistics Division traded steadily and the Financial Division remained very busy, earning retainer income and a number of additional success fees during the period.

As stated in our announcement of 2 November 2020, AqualisBraemar is performing strongly, referenced in the recent Q3-2020 trading update: https://aqualisbraemar.com/all-media/news/investor-news/2020/q3-2020-financial-results/

Following the Strategic Review which was completed during the first half of the financial year, the Board made the decision in August 2020 that the Engineering Division, Wavespec, is now sub-scale, and that it would be in both the Group's and Wavespec's best interest to divest this business. The disposal process is now well underway and discussions are ongoing with a number of interested parties. The Strategic Review determined that the disposal would enable greater focus of both capital and management resources in more profitable areas of the Group. Therefore, the results of this Division have been accounted for as discontinued operations and the assets shown as held for sale on the balance sheet.

Appointment of Group Chief Executive

As separately announced, we have today appointed James Gundy, our Head of Shipbroking, to the position of Group Chief Executive. James has done a superb job in integrating the Braemar and ACM shipbroking businesses since the merger in 2014, and we all look forward to working closely with him as we continue to grow the Braemar business. James will take up his new post on 1 January 2021, at which time I will revert to being non-executive Chairman.

Future Strategy
With the decision to sell the Engineering Division and the appointment of James as the Group CEO, the future direction and strategy for the Group will be increasingly centred around Shipbroking and associated activities. I believe we are in a strong position to build on the success of the Shipbroking division in recent years as a trusted advisor for Shipping investment, chartering and risk management. I am looking forward to James leading the development and implementation of this strategy in the coming years.

Our people
The calibre of our people is central to the high level of service that we provide to our clients, and it is their hard work and creativity that enables Braemar to continue to build our brand and reputation as we develop our business. The first half of the current financial year was extremely challenging from a personal perspective for all of our employees who had to adapt quickly to working in a very different environment. The results for the first half of the year are a tribute to the dedication and expertise they have shown in delivering them. I would like to thank all of our people for their continuing efforts on behalf of the Group.

Dividend
The Board has decided not to declare an interim dividend for the period. This reflects the continuing uncertainties in future trading arising from the impacts of the ongoing COVID-19 pandemic but also allows continued investment in the Shipbroking business. An interim dividend of 5.0p per share was declared following the first half's trading last year. The Board will further review the Group's ability to recommend a dividend at the year end and will return to dividend payments as soon as it is appropriate to do so.

Outlook
Despite the shipping market being subject to a great deal of volatility due to the impact of COVID-19 on global trading, especially during the first quarter of our Financial Year, our broking services have been in demand from our clients and we have achieved a good performance overall. In the last few months the markets have settled down, the Dry Cargo market has improved as Chinese imports have picked up and there has been an increase in demand in the gas markets. However, reductions in crude oil supply has led to decreased demand and weaker shipping markets and we have not yet seen the usual seasonal pick-up in demand at this time of year so the outlook for the Shipbroking Division remains mixed. The Logistics Division is on track to achieve its budget, and the Financial Division has reasonable expectations that a number of success fees will be earned in the second half of the year. Overall, trading for the year is in line with current market expectations.

Ronald Series
Executive Chairman
11 November 2020

OPERATING AND FINANCIAL REVIEW

The trading performance in our major business units for the six months ended 31 August 2020 is detailed below.

SHIPBROKING

	H1 2020/21	H1 2019/20	FY 2019/20
Revenue	**£39.3 million**	£38.7 million	£82.4 million
Operating profit	**£6.1 million**	£4.9 million	£11.7 million

The Shipbroking Division has again performed well during the first half of the year and achieved an underlying operating profit growth of 24% with revenue growth of 2%. The total forward order book was US$42.4 million as at 31 August 2020 in line with the $42.6m at 31 August 2019. Approximately US$23.0 million of this is deliverable in the second half of this financial year.

Central to this result was revenue from Tankers, Sale and Purchase and Securities which have all increased compared to the same period last year. Dry Cargo initially saw some falls in revenue attributable to COVID-19 and the resultant reduction of Chinese imports. Offshore saw a fall in revenue due to a low oil price and fall in oil industry demand. Profitability benefitted from a significant cost saving from reductions in travel and entertainment during the current pandemic.

The Tanker market was very busy during the first quarter of our new financial year mainly due to volatility in the oil market. Contango markets for oil and oil products led to high demand for both time and spot charters predominantly for storage and a strong market for several months. Since June 2020, reduction in crude oil supply has led to less demand and weaker shipping markets and we have not yet seen the usual seasonal pick-up in demand. However, Tanker revenues still remain well ahead of our forecasts for the year to date. Gas has also seen an increase in activity over the last quarter as a result of US gas exports competing for demand in Europe.

At the end of August, we were successful in hiring a team of product tanker brokers and opening a new office in Geneva. This has given us a stronger geographical presence and will help us to increase our market share as well as add to the Dry Cargo presence being established in Geneva. The first month of trading from this new team has shown encouraging results.

Sale and Purchase has performed ahead of last year despite activity levels being curtailed by COVID-19 lockdowns. Some transactions were delayed due to the closure of ports in the early stages of the pandemic but trading overall for the period is in line with our expectations. Several new build contracts were also added to the forward order book in the period when market activity levels were relatively low due to the uncertain economic environment.

As noted above the Dry Cargo market was initially challenging at the beginning of the period due to the lockdown in China and subsequent reduced demand. However, imports into China have improved during the second quarter of the period and our trading has increased to expected levels as a result.

Revenue from our Securities operations has been strong in both the Dry and Wet markets with both trading ahead of our forecasts. The investment in a team of new Dry FFA brokers and new technology initiatives has enabled us to increase our market share. We have formed a strategic joint venture with a technology provider, Zuma Labs, for the Group and we are pleased with the response so far from our brokers and their customers.

FINANCIAL

	H1 2020/21	H1 2019/20	FY 2019/20
Revenue:	**£3.5 million**	£3.3 million	£5.9 million
Operating profit:	**£0.7 million**	£0.9 million	£1.1 million

The Financial Division provides maritime related corporate finance advice to international clients covering finance raising advisory, restructuring, M&A, asset brokerage, and financial management including loan servicing. It earns fees through retainer arrangements with clients but mainly through success related transaction fees. As a result, the level of revenue in any one period can be hard to forecast and subject to project success and timing.

	H1 2020/21	H1 2019/20
Retainer income	**£1.6 million**	£1.9 million
Success fees	**£1.9 million**	£1.4 million
Total revenue	**£3.5 million**	£3.3 million

Revenue for the period has increased due to an increased level of success fees but by contrast the level of retainer fees has declined. Success fees have been driven by the successful conclusion of restructuring mandates combined with refinancing in the context of which the Financial Division supported ship owners to buy back their own debt at discounts from the loan amount outstanding. Profitability has been hit by a provision for certain retainer fees invoiced on a project that has been put on hold by the COVID-19 pandemic and remain uncollected.

The effects of the COVID-19 pandemic have restricted marketing activities and created a challenging environment for classical finance raising mandates. However, the Financial Division's international restructuring services benefit from these conditions. The division also diversified into the business of providing fairness opinions on the value of shipping companies and other consulting work.

LOGISTICS

	H1 2019/20	H1 2019/20	FY 2019/20
Revenue:	**£13.5 million**	£15.6 million	£29.3 million
Operating profit:	**£0.6 million**	£0.6 million	£1.0 million

Trading in the Logistics Division has held up well in the face of the COVID-19 pandemic with profits overall in line with our expectations. This is a result of the costs being managed carefully, despite revenues being down, and the benefits of last year's restructuring can be clearly seen. The majority of the revenue variance came in the Freight Forwarding sub-division which is a lower margin business than the Agency side and therefore has less of an impact overall.

Port Agency

Trading in our UK Port Agency and Hub operations business was in line with expectations although slightly behind last year in terms of revenue. However, profits were higher than expected due to the cost savings programmes implemented during the previous financial year and holding back on discretionary costs. In particular, the Hub business held up strongly during the initial phase of the COVID-19 pandemic and made up for some shortfalls seen elsewhere. Overseas agency operations also benefited from some costs savings and closures in the previous year, but the remaining operations have traded well and profitably. The outlook for the remainder of the year is for stable Hub volumes and a potential improvement in the UK Port Agency volumes from both current and new customers.

Freight Forwarding

Business volumes were initially hit by a slowdown in activity during the period due to the COVID-19 pandemic and profits were therefore lower than expectations and the levels seen last year. Decisions were taken early on to retain all staff working from home during the furlough period which ensured that clients received the level of service they were used to but also allowed a focus on new business. Since the initial lockdown was relaxed, several new business wins have been successfully converted. There is also an increasing demand for Brexit related services which should see improved performance in the second half of the year.

OTHER OPERATING COSTS

Central costs	**H1 2020/21**	H1 2019/20	FY 2019/20
Central costs:	**£(1.7) million**	(£2.1) million	(£2.9) million

Central costs were 24% lower than the previous year largely due to an unrealised foreign exchange loss of £0.5 million incurred in the prior period. This arose on Euro denominated liabilities connected to the acquisition of Naves in 2017, convertible loan notes and bank facility drawings. The Euro bank facility drawings have been switched into Sterling during the current period in order to reduce the foreign exchange risk they represented.

AqualisBraemar

The Group recognised an underlying share of profits in AqualisBraemar of £0.6 million (2019: £0.0 million) and received a dividend of £0.3 million (2019: £nil). At 31 August 2020 the carrying value of the Group's investment in AqualisBraemar was £7.1 million (31 August 2019: £8.1 million, 29 February 2020: £7.3 million). At the close of business on 10 November 2020, the market value of the shareholding was £11.1 million based on the share price quoted on the Oslo Børs (Aqua:NO).

The Group holds warrants, which if they vest, will allow the Group to subscribe for further shares in AqualisBraemar. At 31 August 2020 the fair value of the warrants was £0.2 million (31 August 2019: £0.8 million, 29 February 2020: £1.2 million). The fair value of the warrants is determined by a number of factors including the future performance of the combined business and the former Adjusting and Marine product lines. The reduction in the fair value of the warrants is in line with forecasts prepared by AqualisBraemar as at 30 June 2020.

Specific items	**H1 2020/21**	H1 2019/20	FY 2019/20
Acquisition & disposal-related charges	(£2.0) million	(£3.4) million	(£2.0) million
Restructuring costs	-	(£1.4) million	(£0.9) million

The Group has separately identified certain items that are not part of the underlying trade of the Group. These specific items are material in both size and/or nature and we believe may distort understanding of the underlying performance of the business. The majority of these costs relate to acquisitions completed in previous financial years. They are primarily non-cash and driven by the accounting requirements of IFRS 3, Business Combinations.

Acquisition related expenditure included less than £0.1 million (2019: less than £0.1 million) incurred in relation to the restricted share plan implemented to retain key staff following the merger between Braemar Shipping Services plc and ACM Shipping Group plc.

The Group incurred £0.7 million (2019: £2.7 million) of costs which are directly linked to the acquisition of NAVES. They comprise post-acquisition consideration payable to certain sellers under the terms of the acquisition agreement. The NAVES acquisition agreement included substantial payments to the working vendors which are conditional on their continuing employment. This includes a credit of £0.1m relating to expenses reimbursed in the period by the Vendors of Naves under the terms of the sale and purchase agreement.

The Group also incurred £0.2 million (2019: £0.6 million) of costs directly linked to the acquisition of Atlantic. This relates to consideration paid on the completion date which is charged to the income statement over a three-year claw-back period for the sellers still working in the business.

The Group incurred a further £1.0 million (2019: £0.1 million) loss in respect of fair value movements on warrants held over AqualisBraemar shares.

Foreign exchange

The US dollar exchange rate relative to sterling weakened from US$1.28:£1 at 1 March 2020 to US$1.32:£1 at 31 August 2020. A significant proportion of the Group's revenue is earned in US dollars. At 31 August 2020, the Group held forward currency contracts to sell US$43.0 million at an average rate of US$1.28:£1.

The Group also has material liabilities in Euros and the Euro rate strengthened against Sterling from €1.16:£1 at 1 March 2020 to €1.12:£1 at 31 August 2020.

Balance sheet

Net assets at 31 August 2020 were £59.1 million (31 August 2019: £54.4 million; 28 February 2019: £57.5 million). A review aimed at identifying evidence of impairment of intangible assets was carried out in the light of the COVID-19 pandemic and no such impairment was identified. No dividend was paid in the period (£3.0 million in the period to 31 August 2019) and no shares were purchased for the Employee Share Ownership Plan.

Trade and other receivables reduced by £4.6 million to £34.9 million compared with £39.5 million at 29 February 2020. Trade and other payables have decreased by £4.0 million to £44.0 million compared to £48.0 million at 29 February 2020. Both of these reductions are due to the Group's volume of business being slightly lower in the first half of FY20/21 compared to the second half of FY19/20.

Borrowings and cash

At the balance sheet date, the Group had bank facilities totalling £40.0 million, made up of a revolving credit facility ('RCF') of £35.0 million and an accordion facility of £5.0 million (subject to credit approval) provided by HSBC. The RFC has a number of covenants, in particular the ratio of debt to rolling 12 month EBITDA. As a result of a recent relaxation agreed by HSBC, this covenant has a limit of 4x until May 2021 after which it will revert to 3.5x. The Group also has access to global cash management arrangements, notably in our regional hubs of UK, Germany and Singapore. The facility is due to expire in September 2022 and therefore the Group will begin a refinancing process of within the next six months.

Net bank debt (excluding convertible loan notes and lease liabilities set up on the balance sheet under IFRS 16) was £19.3 million at 31 August 2020 compared with net bank debt of £18.8 million at 31 August 2019 and net bank debt of £20.0 million at 29 February 2020.

At 31 August 2020 the Group held cash of £12.7 million (31 August 2019: £23.9 million, 29 February 2020: £28.7 million). The decrease in cash is largely attributable to repayments made to overdrafts and the RCF during the period.

The operating cash flows of the Group exhibit seasonality in that bonus payments occur in the first half of the financial year and it is therefore normal for the second half of the year to generate more cash.

Assets held for sale
During August 2020 the Board took a decision to divest the Group's Engineering Division, Wavespec, following a strategic review of its future place within the Group. The Board has appointed a corporate finance advisor to identify bidders and conduct a sale process. As a result, the assets of that Division have been accounted for as assets held for sale under IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

This Division was loss-making and has been accounted for under discontinued operations for the period, along with certain costs related to the strategic review and disposal process. A loss of £2.0 million in respect of discontinued operations was recognised in the period, £0.5 million relates to the trading loss for the period and £1.5 million relates to the impairment of assets. Discussions are ongoing with a number of interested partied and a sale transaction is expected to complete during the current financial year.

Taxation
The tax charge of £0.6 million (2019: less than £0.1 million) comprises a current tax charge of £0.5 million and a deferred tax charge of £0.1 million. Current tax is charged at 15.6% (2019: 19.0%) representing the best estimate of the annual effective tax rate, applied to the taxable profits of the interim period. The rate is lower than the standard rate of UK corporation tax due to utilisation of losses. Deferred tax is charged at 19.0% (2019: 17.0%) based on the UK Government's Spring Budget which was substantively enacted on 17 March 2020.

Principal risks
The Directors consider that the principal risks and uncertainties which could have a material effect on the Group's performance identified on pages 28 to 30 of the Annual Report 2020 are also applicable for a period of 12 months from 31 August 2020. These include risks associated with geopolitical and macroeconomic changes, currency fluctuations, financial capacity, financial liquidity, failure to attract and retain skilled individuals, disruptive technology, cultural behaviours and corporate governance and change management.

The Directors continue to assess the potential impacts of Brexit and COVID-19 on the principal risks and uncertainties. The experience of the last six months has shown the business can continue to operate successfully under the lock down conditions experienced. However, the volatility in shipping markets has reduced since the first quarter of the financial year, levels of demand in certain markets we operate in is low and forecasting levels of transactions and income remains difficult.

Going concern
Following a detailed review, no material uncertainty has been identified and the interim condensed consolidated financial statements have been prepared on a going concern basis. See Note 1.

Shareholder Engagement on Directors' Remuneration Report

As previously reported, whilst the resolution at the Company's Annual General Meeting in August to receive the Company's Directors' Remuneration Report passed with the requisite majority, it did receive a vote of 34% against the Board's recommendation. The Company has identified and contacted shareholders comprising over 90% of the votes against the resolution in order to discuss the matter further and understands the reasons behind the result. This process is ongoing and the Company will provide a further summary of its actions and consequent decisions in next year's annual report.

Braemar Shipping Services plc
Condensed Consolidated Statement of Profit or Loss

		Period ended 31 Aug 2020 Unaudited			Period ended 31 Aug 2019 Unaudited and restated			29 Feb 2020 Unaudited and restated
Continuing operations	Notes	Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000	Total £'000
Revenue	4	**56,308**	**-**	**56,308**	57,557	-	57,557	117,655
Cost of sales		**(10,048)**	**-**	**(10,048)**	(10,940)	-	(10,940)	(20,093)
Gross profit		**46,260**	**-**	**46,260**	46,617	-	46,617	97,562
Operating expense								
Other operating costs		**(40,614)**	**-**	**(40,614)**	(42,376)	(460)	(42,836)	(86,978)
Restructuring costs		**-**	**-**	**-**	-	(976)	(976)	(890)
Acquisition-related expenditure	5	**-**	**(2,007)**	**(2,007)**	-	(3,416)	(3,416)	(2,008)
		(40,614)	**(2,007)**	**(42,621)**	(42,376)	(4,852)	(47,228)	(89,876)
Operating profit/(loss)	4	**5,646**	**(2,007)**	**3,639**	4,241	(4,852)	(611)	7,686
Share of associate profit for the period	5,10	**617**	**220**	**837**	7	818	825	436
Finance income		**128**	**-**	**128**	210	-	210	458
Finance costs	5	**(730)**	**(182)**	**(912)**	(901)	(334)	(1,235)	(2,311)
Profit/(loss) before taxation		**5,661**	**(1,969)**	**3,692**	3,557	(4,368)	(811)	6,269
Taxation	5,7	**(586)**	**28**	**(558)**	(135)	87	(48)	46
Profit/(loss) for the period/year from continuing operations		**5,075**	**(1,941)**	**3,134**	3,422	(4,281)	(859)	6,315
Loss for the period/year from discontinued operations	6	**-**	**(2,029)**	**(2,029)**	-	(1,235)	(1,235)	(2,299)
Profit/(loss) for the period/year attributable to equity shareholders of the parent		**5,075**	**(3,970)**	**1,105**	3,422	(5,516)	(2,094)	4,016
Total								
Earnings per ordinary share	8							
Basic – underlying operations		**16.25p**		**3.54p**	11.15p		(6.82)p	12.88p
Diluted – underlying operations		**13.53p**		**2.95p**	10.01p		(6.82)p	11.64p
Continuing operations								
Basic – total		**16.25p**		**10.03p**	11.15p		(2.80)p	20.26p
Diluted – total		**13.53p**		**8.36p**	10.01p		(2.80)p	18.31p

Braemar Shipping Services plc

Condensed Consolidated Statement of Comprehensive Income

	Six months to 31 Aug 2020 Unaudited £'000	Six months to 31 Aug 2019 Unaudited £'000	Year ended 29 Feb 2020 Audited £'000
Profit/(loss) for the period/year	**1,105**	(2,094)	4,016
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Share of other comprehensive expense of associate	**(238)**	-	-
Actuarial loss on employee benefit schemes – net of tax	**-**	-	(1,638)
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences on retranslation of foreign operations	**(2,516)**	674	(503)
Cash flow hedges	**2,683**	(1,056)	(828)
Deferred tax on cash flow hedges	**(327)**	-	-
Other comprehensive expense	**(398)**	(382)	(2,969)
Total comprehensive income/(expense) for the period/year from continuing operations	**707**	(2,476)	1,047
Recycling of foreign exchange reserve	**-**	-	670
Total comprehensive income/(expense) for the period/year from discontinued operations	**-**	670	670
Total comprehensive income/(expense) for the period/year attributable to the equity shareholders of the parent	**707**	(1,806)	1,717

Braemar Shipping Services plc
Condensed Consolidated Balance Sheet

		31 August 2020 Unaudited	31 August 2019 Unaudited and restated	29 February 2020 Audited
Assets	Notes	**£'000**	£'000	£'000
Non-current assets				
Goodwill		**83,812**	83,812	83,812
Other intangible assets		**2,037**	2,418	2,411
Property, plant and equipment		**10,763**	11,810	11,928
Other Investments		**1,963**	1,850	1,962
Investment in associate	10	**7,126**	8,107	7,315
Financial assets	12	**188**	766	1,184
Deferred tax assets		**3,973**	2,402	3,620
Other receivables		**2,122**	2,303	2,467
		111,984	113,468	114,699
Current assets				
Trade and other receivables	11	**34,885**	44,291	39,541
Derivative financial instruments	12	**1,288**	-	-
Assets held for sale	6	**283**	-	-
Cash and cash equivalents		**12,687**	23,609	28,749
		49,143	67,900	68,290
Total assets		**161,127**	181,368	182,989
Liabilities				
Current liabilities				
Derivative financial instruments	12	**63**	1,355	527
Trade and other payables		**44,034**	44,310	48,031
Short term borrowings		**31,999**	45,804	48,758
Current tax payable		**924**	1,399	1,334
Provisions		**250**	-	201
Convertible loan notes		**4,529**	6,700	4,340
Deferred consideration		**626**	634	600
Liabilities directly associated with assets classified as held for sale	6	**282**	-	-
		82,707	100,202	103,791
Non-current liabilities				
Long term borrowings		**8,403**	11,278	10,943
Deferred tax liabilities		**889**	936	903
Provisions		**753**	390	765
Convertible loan notes		**2,502**	5,369	2,398
Deferred consideration		**3,289**	6,993	3,031
Pension deficit		**3,448**	1,773	3,672
		19,284	26,739	21,712
Total liabilities		**101,991**	126,941	125,503
Total assets less total liabilities		**59,136**	54,427	57,486
Equity				
Share capital	13	**3,172**	3,154	3,167
Share premium	13	**55,805**	55,805	55,805
Shares to be issued		**(526)**	(2,511)	(2,498)
Other reserves	14	**22,119**	23,145	22,279
Retained earnings		**(21,434)**	(25,166)	(21,267)
Total equity		**59,136**	54,427	57,486

Braemar Shipping Services plc
Condensed Consolidated Statement of Cash Flows

	Notes	**31 August 2020 Unaudited £'000**	31 August 2019 Unaudited and restated £'000	29 February 2020 Unaudited and restated £'000
Profit/(loss) before tax		**3,692**	(811)	6,269
Loss from discontinued operations	6	**(2,029)**	(1,235)	(2,299)
Depreciation and amortisation charges		**1,801**	1,834	3,390
Loss on disposal of fixed assets		–	–	801
Impairment of assets		–	1	–
Gain on sub-lease arrangements		–	(111)	(101)
Gain on bargain purchase		–	(818)	(818)
Share of profit in associate	10	**(837)**	–	382
Share scheme charges		**943**	694	1,582
Net foreign exchange (gains)/losses of financial instruments		–	–	(70)
Net finance cost		**784**	1,022	1,853
Specific items	6	**2,007**	4,864	3,344
Specific items – discontinued	6	**2,029**	–	888
Contribution to defined benefit scheme		**(225)**	–	(450)
Operating cash flow before changes in working capital		**8,165**	5,440	14,771
Decrease/(increase) in receivables		**4,173**	(9,762)	(1,629)
(Decrease)/increase in payables		**(3,942)**	5,094	(604)
Increase/(decrease) in provisions		**36**	(249)	552
Cash flows from operating activities		**8,432**	523	13,090
Interest received		**90**	222	385
Interest paid		**(697)**	(1,052)	(1,895)
Specific items	5	**(339)**	(405)	(2,523)
Tax received/(paid)		**(872)**	(824)	1,193
Net cash generated from operating activities		**6,614**	(1,536)	10,250
Cash flows from investing activities				
Purchase of property, plant and equipment and computer software		**(446)**	(1,416)	(1,743)
Investment in associate		–	(1,605)	(1,605)
Dividend received from associate	10	**322**	–	–
Acquisition of other investment		–	–	(150)
Cash in subsidiaries disposed		–	(1,286)	(3,910)
Proceeds from sale of property, plant and equipment		**6**	–	–
Principal received on finance lease receivables		**396**	–	661
Net cash generated from investing activities		**278**	(4,307)	(6,747)
Cash flows from financing activities				
Proceeds from borrowings		**7,300**	8,500	8,500
Repayment of principal under lease liabilities		**(1,986)**	(1,723)	(3,473)
Repayment of borrowings		**(29,325)**	(1,719)	(6,339)
Net proceeds from pooling arrangements		–	–	4,595
Dividends paid	9	–	(3,064)	(4,630)
Deferred consideration		–	–	(600)
Net cash (used in)/generated from financing activities		**(24,011)**	1,994	(1,947)
(Decrease)/increase in cash and cash equivalents		**(17,119)**	(3,849)	1,556
Cash and cash equivalents at beginning of the period		**28,749**	28,021	28,021
Foreign exchange differences		**1,057**	(563)	(828)
Cash and cash equivalents at end of the period		**12,687**	23,609	28,749

Braemar Shipping Services plc
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 2020		3,167	55,805	(2,498)	22,279	(21,267)	57,486
Profit for the period		-	-	-	-	1,105	1,105
Foreign exchange differences		-	-	-	(2,516)	-	(2,516)
Share of associate's other comprehensive expense		-	-	-	-	(238)	(238)
Cash flow hedges		-	-	-	2,683	-	2,683
Deferred tax on cashflow hedges					(327)	-	(327)
Total comprehensive income		-	-	-	(160)	867	707
Dividends paid	9	-	-	-	-	-	-
Issue of shares		5	-	-	-	(5)	-
Purchase of shares		-	-	-	-	-	-
ESOP shares allocated		-	-	1,972	-	(1,972)	-
Share based payments		-	-	-	-	943	943
Balance at 31 August 2020		**3,172**	**55,805**	**(526)**	**22,119**	**(21,434)**	**59,136**

	Notes	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2019		3,144	55,805	(3,446)	22,857	(20,007)	58,353
Prior period application of IFRS 16		-	-	-	-	(205)	(205)
Prior period error: Change in accounting policy - IFRS 16	3	-	-	-	-	586	586
Restated 1 March 2019		3,144	55,805	(3,446)	22,857	(19,626)	58,734
Loss for the period		-	-	-	-	(2,094)	(2,094)
Foreign exchange differences		-	-	-	1,344	-	1,344
Cash flow hedges - net of tax		-	-	-	(1,056)	-	(1,056)
Total comprehensive income		-	-	-	288	(2,094)	(1,806)
Dividends paid	9	-	-	-	-	(3,064)	(3,064)
Issue of shares		10	-	-	-	(10)	-
Purchase of shares		-	-	-	-	-	-
ESOP shares allocated		-	-	935	-	(935)	-
Share based payments		-	-	-	-	563	563
Balance at 31 August 2019		**3,154**	**55,805**	**(2,511)**	**23,145**	**(25,166)**	**54,427**

Braemar Shipping Services plc
Unaudited Notes to The Financial Statements
For the Six Months Ended 31 August 2020

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 information for the six months ended 31 August 2020 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, London, 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 10 November 2020.

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 BDO LLP, the Group’s auditor. The audited statutory accounts for the year ended 29 February 2020 have been delivered to the Registrar of Companies. The auditors’ report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The comparative information for the year ended 29 February 2020 in this interim report does not constitute statutory accounts for that year.

The interim condensed consolidated financial statements have been prepared on a going concern basis in a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from this reporting date. In reaching this conclusion the Directors considered cash flow forecasts that have been prepared in the light of the impact of COVID-19. The Directors have considered the trading and cash flows over the first six months of the year which has been resilient and also forward-looking market data in respect of the shipping market. This includes the forward order book within the Shipbroking Division, the resilience within the Logistics Division owing to the flexible cost model and the nature of the clients supplying essential goods and the potential within the Financial Division, should a global recession become apparent.

As at 31 August 2020 the Group’s net debt* was £19.3 million with available headroom in the £35.0 million revolving credit facility (“RCF”) of £3.0 million. The RCF has a number of financial covenant tests that must be adhered to and in particular a financial covenant relating to debt to 12 months rolling EBITDA. As a result of a recent relaxation agreed by HSBC, this covenant has a limit of 4x until May 2021, reducing to 3.5x until May 2022 and returning to 3x until the facility expires in September 2022.

The Group has updated its expected revenue, cost and cash forecasts in the light of trading over the first half of the current financial year in and assessed the ability of the Group to operate both within the revised covenants and the facility headroom. This assessment included a number of downside sensitivities, including reductions in expected revenue of 7.5% and 15% from January 2021 onwards. The assessment also included the assumption of reasonable cost mitigations and other cash management measures within the control of the Group. Having considered the 15% revenue downside sensitivity, and in particular the assumptions in respect of COVID-19, the Directors consider it remote that over the assessed going concern period that revenues would be impacted to this extent. In making this assessment, significant judgement has been applied.

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.

Similar to other businesses, it is unclear how the COVID-19 pandemic’s impact on the business will continue and despite expectations that global trade and GDP will recover next year, uncertainty remains over the outlook. We are however, comfortable that under the scenarios we have run, the Group could withstand a decline in revenue as described and continue to operate within the available banking facilities. Accordingly, the Group continues to adopt the going concern basis in preparing the financial statements.

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

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.

2. Basis of preparation and statement of compliance

The condensed consolidated interim financial statements for the six months ended 31 August 2020 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report for the year ended 29 February 2020, which was prepared in accordance with IFRSs as adopted by the European Union.

Following the Group's decision to dispose of certain operations, the Group has re-presented the condensed consolidated statement of profit and loss in relation to discontinued operations for the periods ended 29 February 2020 and 31 August 2019. See Note 6.

Prior period restatement – cash and short-term borrowings
The Group has re-presented the condensed consolidated balance sheet for the period ended 31 August 2019 in respect of a presentational error. The Group had previously disclosed net cash and overdraft balances that did not meet the criteria of IAS 32 for offset. The adjustment to gross up cash and short-term borrowings at 31 August 2019 is as follows.

	31 August 2019
	£'000
Increase in cash	18,802
Increase in short-term borrowings	18,802

The adjustment at 31 August 2019 has no impact on the reported profits or net assets in any of the periods.

Prior period restatement – impact of IFRS 16
As disclosed in the annual report for the year ended 29 February 2020, in the condensed consolidated interim financial statements for the year ended 31 August 2019 the Group disclosed a decrease in retained earnings at 1 March 2019 of £0.2 million on adoption of IFRS 16. The impact of IFRS 16 at 1 March 2019 is represented below to correct an error and show an increase in retained earnings at 1

March 2019 of £0.4 million, as disclosed the consolidated financial statements for the year ended 29 February 2020. The nature of the change is in respect of the Group's reassessment of certain transitional balances such as rent-free accruals, capitalised direct costs and dilapidations provisions.

Impact of IFRS 16 as previously presented in the condensed consolidated interim financial statements for the year ended 31 August 2019:

	Year ended 28 Feb 2019 £'000	Impact of IFRS 16	As at 1 Mar 2019 £'000
Non-current assets			
Property, plant and equipment	1,978	13,031	15,009
Other receivables	264	2,029	2,293
Current assets			
Trade and other receivables	37,128	500	37,628
Total impact on assets		**15,560**	
Current liabilities			
Short term borrowings	(15,323)	(3,317)	(18,640)
Non-current liabilities			
Long term borrowings	-	(12,448)	(12,448)
Total impact on liabilities		**(15,765)**	
Non-current assets			
Retained Earnings	**(20,007)**	**(205)**	**(20,212)**

Impact of IFRS 16 as presented now:

	Year ended 28 Feb 2019 £'000	Impact of IFRS 16	As at 1 Mar 2019 £'000
Non-current assets			
Property, plant and equipment	1,978	11,166	13,144
Other receivables	264	2,037	2,301
Current assets			
Trade and other receivables	37,128	517	37,645
Total impact on assets		**13,720**	
Current liabilities			
Trade and other payables	(44,887)	2,260	(42,627)
Short term borrowings	(15,323)	(3,270)	(18.593)
Non-current liabilities			
Long term borrowings	-	(12,329)	(12,329)
Total impact on liabilities		**(13,339)**	
Retained Earnings	**(20,007)**	**381**	**(19,626)**

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 29 February 2020, except as described below:

In preparing the condensed consolidated interim financial statements for the period ended 31 August 2020 the classification of assets held for sale is a critical accounting judgement. This judgements was made by management with the advice of independent experts. It was concluded that a sale was highly probable within 12 months of classification as held for sale. The fair value less costs to sell is subject to estimation uncertainty. Management undertook a number of estimates to determine the fair value of net assets held for sale, including the fair value of the consideration and the costs to sell. See Note 6.

Management have assessed the impact of COVID-19 on the estimates relating to expected credit loss provisions and goodwill impairment testing. The assumptions on the impact of COVID-19 were consistent with those that applied to the consolidated financial statements as at and for the year ended 29 February 2020.

3. Accounting policies

Changes in accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements were consistent with those that applied to the consolidated financial statements as at and for the year ended 29 February 2020.

No new standards or amendments effective for reporting periods beginning on or after 1 January 2020 had an impact on the interim condensed consolidated financial statements for the period ended 31 August 2020.

4. Segmental information

The Group's reportable segments are trading divisions that are managed separately 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 Board's decision to dispose of the Engineering Division, the results of this Division have been represented as discontinued operations in both the current and comparative periods. The loss from discontinued operations for the year ending 29 February 2020 includes the results of the Offshore, Adjusting and Marine product lines which were divested to AqualisBraemar on 21 June 2019. See Note 6.

	Revenue			Results		
	H1 2020/21 £'000	H1 2019/20 £'000	FY 2019/20 £'000	**H1 2020/21 £'000**	H1 2019/20 £'000	FY 2019/20 £'000
Shipbroking	**39,291**	38,677	82,377	**6,076**	4,922	11,763
Financial	**3,497**	3,295	5,931	**723**	896	1,101
Logistics	**13,520**	15,585	29,347	**570**	550	1,023
Trading segments revenue/results	**56,308**	57,557	117,655	**7,369**	6,368	13,887
Central costs				**(1,723)**	(2,127)	(2,857)
Underlying operating profit				**5,646**	4,241	11,030
Exceptional operating costs				**-**	(1,436)	(1,336)
Acquisition related expenditure				**(2,007)**	(3,416)	(2,008)
Operating profit/(loss)				**3,639**	(611)	7,686
Share of associate profit for the period				**837**	825	436
Finance expense - net				**(784)**	(1,025)	(1,853)
Profit/(loss) before taxation				**3,692**	(811)	6,269
Taxation				**(558)**	(48)	46
Profit/(loss) for the period/year from continuing operations				**3,134**	(859)	6,315
Loss for the period/year from discontinued operations				**(2,029)**	(1,235)	(2,299)
Profit/(loss) for the period/year				**1,105**	(2,094)	4,016

The Group's revenue disaggregated by country of origin is as follows:

	Revenue		
	H1 2020/21 £'000	H1 2019/20 £'000	FY 2019/20 £'000
United Kingdom	**39,642**	40,146	79,904
Singapore	**5,757**	5,619	14,638
United States	**919**	984	2,173
Australia	**3,526**	4,531	7,672
Germany	**1,661**	3,132	4,870
Rest of the World	**4,803**	3,145	8,398
Continuing operations	**56,308**	57,557	117,655
Discontinued operations	**1,254**	1,912	3,139

The Group does not allocate income tax expense or interest to reportable segments. Treasury management is managed centrally.

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 specific items:

	Six months to 31 Aug 2020 £'000	Six months to 31 Aug 2019 £'000	Year ended 29 Feb 2020 £'000
Other operating costs			
- Board changes	**-**	(460)	(468)
- Profit on sublet of office	**-**	-	22
- Other income	**-**	-	-
	-	(460)	(446)
Acquisition related items			
- Acquisition of ACM Shipping Group plc	**(69)**	(69)	(153)
- Acquisition of NAVES Corporate Finance GmbH	**(719)**	(2,727)	(1,190)
- Acquisition of Atlantic Brokers Holdings Limited	**(228)**	(570)	(1,083)
- Warrants (Note 12)	**(991)**	(50)	418
	(2,007)	(3,416)	(2,008)
- Restructuring costs	**-**	(976)	(890)
- Share of profit in associate	**220**	818	698
- Finance costs	**(182)**	(334)	(450)
- Taxation	**28**	87	228
- Loss from discontinued operations (Note 6)	**(2,029)**	(1,235)	(2,299)
Total	**(3,970)**	(5,516)	(5,167)

Acquisition related items

The Group incurred total expenditure of £2.0 million (2019: £3.4 million) in respect of acquisition related items. Less than £0.1 million (2019: Less than £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 expired in July 2020.

Expenditure of £0.7 million (2019: £2.7 million) is directly linked to the acquisition of NAVES Corporate Finance GmbH. This includes £0.2 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. Also included are charges of £0.1 million of interest and £0.5 million related to foreign exchange translation of euro liabilities. A credit of £0.1 million is included in respect of a reimbursement from the sellers of certain expenses incurred by the Financial division prior to acquisition.

Expenditure of £0.2 million (2019: £0.6 million) 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. As such, the costs are charged to the income statement over that clawback period.

The Group recognised a loss of £1.0 million (2019: £0.1 million) on the fair value movement of warrants to acquire further shares in AqualisBraemar. See Note 12.

Other specific items

The group recognised specific income of £0.2 million in relation to its investment in AqualisBraemar. This amount is the group's share of the fair value movement in contingent consideration due from AqualisBraemar. This related to the business combination and is therefore treated as a specific item.

£0.2 million (2019: £0.3 million) of interest charges related to the Group's revolving credit facility have been included as specific 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.

A tax credit of less than £0.1 million (2019: £0.1 million) has been recognised in respect of discontinued operations. This represents the credit arising from specific items that are allowable deductions for UK corporation tax, at the standard corporation tax rate of 19%.

The Group recognised a further £2.0 million (2019: £1.2 million) in relation to discontinued operations. See Note 6.

6. Discontinued Operations

Following the Group's decision to dispose of the Engineering Division, the results of the current and comparative periods have been re-presented to include the results of the Engineering Division as discontinued operations. Previously losses from discontinued operations comprised the results of the Offshore, Adjusting and Marine product lines which were divested to AqualisBraemar on 21 June 2019.

The Board has appointed a corporate finance advisor to identify bidders and conduct a sale process. Discussions are ongoing with a number of interested parties and a sale transaction is expected to complete during the current financial year.

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

Engineering Division	**Six months to 31 Aug 2020 £'000**	Six months to 31 Aug 2019 £'000	Year ended 29 Feb 2020 £'000
Revenue	**1,254**	1,193	3,139
Costs	**(1,708)**	(1,728)	(4,550)
Trading loss	**(454)**	(535)	(1,411)
Write offs of other receivables and deferred tax assets	**(707)**	-	-
Impairment to fair value less costs to sell	**(783)**	-	-
Costs to sell	**(85)**	-	-
Loss before taxation	**(2,029)**	(535)	(1,411)
Taxation	**-**	(12)	4
Total loss for the period from Engineering	**(2,029)**	(547)	(1,407)

Offshore, Marine and Adjusting product lines	**Six months to 31 Aug 2020 £'000**	Six months to 31 Aug 2019 £'000	Year ended 29 Feb 2020 £'000
Revenue	-	10,320	10,320
Costs	-	(10,982)	(10,982)
Trading loss		(662)	(662)
Specific Items	-	(2)	(206)
Loss before taxation	-	(664)	(868)
Taxation	-	(24)	(24)
Total loss for the period from Offshore, Adjusting and Marine	**-**	(688)	(892)

Total discontinued operations	**Six months to 31 Aug 2020 £'000**	Six months to 31 Aug 2019 £'000	Year ended 29 Feb 2020 £'000
Total loss for the period from discontinued operations	**(2,029)**	(1,235)	(2,299)

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

	Six months to 31 Aug 2020 £'000	Six months to 31 Aug 2019 £'000	Year ended 28 Feb 2020 £'000
Intangibles	**548**	-	-
Property, plant and equipment	**47**	-	-
Trade and other receivables	**470**	-	-
Impairment of assets held for sale	**(782)**		
Assets held for sale	**283**		
Trade and other payables	**(270)**	-	-
Short-term borrowings	**(12)**	-	-
Liabilities held for sale	**(282)**		
		-	-
Net assets of discontinued operations	**1**	-	-

Prior to classification as held for sale, the net assets of the discontinued operations were written down to their recoverable amount. An impairment of £0.8 million was booked and allocated firstly to the non-current assets, with the residual impairment being recognised against the trade and other receivables, to reduce the recoverable amount to £1,000. The recoverable amount has been determined based on the advice from the sales agent. The Group expects to incur further costs to sell which are expected to exceed the carrying value of the disposal group disclosed above.

The total basic and diluted earnings per share in respect of discontinued operations is (6.50)p (August 2019: (4.02)p and February 2020: (7.37)p).

During the period the discontinued operations had net operating cash outflows of £0.4 million. There were no cashflows relating to financing or investing activities.

7. Taxation

The tax charge for the interim period to 31 August 2020 of £0.6 million comprises a current tax charge of £0.5 million and deferred tax charge of £0.1 million.

Current tax is charged at 15.6% for the six months ended 31 August 2020 (2019: 19%), representing the best estimate of the average annual effective tax rate expected to apply to the full year, 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.

Deferred tax is charged at 19.0% for the six months ended 31 August 2020 (2019: 17.0%). This is based on the UK Government announcement to maintain the corporation tax rate at 19.0%, which was substantively enacted on 17 March 2020. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. The Directors believe it is probable that there will be sufficient taxable profits in the future to recover the deferred tax assets in full.

8. Earnings per share

Total operations	**Six months to 31 Aug 2020 £'000**	Six months to 31 Aug 2019 £'000	Year ended 29 Feb 2020 £'000
Profit/(loss) for the period/year attributable to equity holders of the parent	**1,105**	(2,094)	4,016
	pence	pence	pence
Basic earnings/(loss) per share	**3.54**	(6.82)	12.88
Effect of dilutive share options	**(0.59)**	-	(1.24)
Diluted loss per share	**2.95**	(6.82)	11.64

Continuing operations			
Profit for the period/year attributable to equity shareholders of the parent	**3,134**	(859)	6,315
	pence	pence	pence
Basic earnings per share	**10.03**	(2.80)	20.26
Effect of dilutive share options	**(1.68)**	-	(1.95)
Diluted earnings per share	**8.36**	(2.80)	18.31

Underlying operations			
Profit for the period/year attributable to equity shareholders of the parent	**5,075**	3,422	9,183
	pence	pence	pence
Basic earnings per share	**16.25**	11.15	29.45
Effect of dilutive share options	**(2.72)**	(1.14)	(2.83)
Diluted earnings per share	**13.53**	10.01	26.62

Earnings per share from underlying operations for the comparative periods has been restated following the re-presentation of Offshore, Marine and Adjusting as discontinued operations.

The weighted average number of shares used in basic earnings per share is 31,283,334 (2019: 30,688,161).

The weighted average number of shares used in the diluted earnings per share is 37,509,762 (2019: 34,191,992) after adjusting for the effect of 6,271,418 (2019: 3,492,832) dilutive share options.

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

9. Dividends

The following dividends were paid by the Group:

	Six months to 31 Aug 2020 £'000	Six months to 31 Aug 2019 £'000	Year ended 29 Feb 2020 £'000
Ordinary shares of 10 p each			
Final of 10.0 p per share (2019: 10.0 p per share)	-	3,064	3,066
Interim of 5.0 p per share paid	-	-	1,564
	-	3,064	4,630

No dividends have been declared or paid in the six months to 31 August 2020.

10. 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.

AqualisBraemar ASA is listed on the Oslo Bors, its principal place of business is Oslo and it's registered address is Olav Vs gate 6, 0161, Oslo Norway. AqualisBraemar ASA has one share class and each share carries one vote. At 31 August 2020 the Group's shareholding was 19,240,621 ordinary shares which equates to 27.32% of AqualisBraemar's share capital and 27.32% of voting rights.

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

	£'000 Total
At 1 March 2020	
Cost of investment	**7,315**
Share of profit in associate	**837**
Share of associate's other comprehensive expense	**(238)**
Dividends received	**(322)**
Foreign exchange movements	**(466)**
At 31 August 2020	**7,126**

	£'000 Total
At 1 March 2019	-
Cost of investment	5,395
Private placement	1,605
Share of profit in associate	825
Foreign exchange movements	282
At 31 August 2019	8,107
Share of loss in associate	(389)
Foreign exchange movements	(403)
At 29 February 2020	**7,315**

The share price of AqualisBraemar on 31 August 2020 was NOK5.70. The market value of the Group's shareholding at 31 August 2020 was £9.3 million (NOK109.7 million). Management have reviewed the carrying value of the investment at 31 August 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 have a year end of 31 December and for practical reasons AqualisBraemar full year accounts are 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 interim period to 31 August 2020 the Group has included its share of the AqualisBraemar results to 30 June 2020. There were no significant transactions or events between 30 June 2020 and 31 August 2020. At 31 August 2020 AqualisBraemar had no contingent liabilities.

The summarised financial information of AqualisBraemar for the period ended 30 June 2020 is as follows. These figures are taken from AqualisBraemar's Q2 Report 2020, adjusted for any fair value adjustments but before any intercompany eliminations.

	30 June 2020 £'000 Total
Balance sheet	
Current assets	35,224
Non-current assets	1,998
Current liabilities	8,041
Non-current liabilities	1,922
Net assets (100%)	27,259
Group share of net assets (27.32%)	7,448
Dividends received from associate	(322)
Carrying value of investment	7,126
Income statement	
Revenues	29,855
Post-tax profit	3,064
Total comprehensive income	2,194

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

11. Trade and other receivables

	As at 31 Aug 2020 £'000	As at 31 Aug 2019 £'000	As at 29 Feb 2020 £'000
Trade receivables	**26,971**	36,388	31,913
Provision for impairment of trade receivables	**(2,778)**	(4,150)	(3,405)
	24,193	32,238	28,508
Other receivables	**6,975**	7,163	6,561
Finance lease receivables	**772**	638	784
Accrued income	**1,778**	2,283	2,815
Prepayments	**1,167**	1,969	873
	34,885	44,291	39,541

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

At 31 August 2020 the lifetime expected loss provision for trade receivables and contract assets is £0.6 million (29 February 2020: £0.9 million). The expected credit loss rates applied at 31 August 2020 are consistent with those applied at 29 February 2020 with the exception of an increase to the loss rate applied to balances over 12 months old. At 31 August 2020 the expected credit loss rate for balances over 12 months was 0.506% (29 February 2020: 0.482%).

12. Financial instruments

a) Principal financial instruments

The principal financial instruments used by the Group are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Unlisted investments
- Warrants
- Trade and other payables
- Bank overdrafts
- Revolving credit facility
- Lease liabilities
- Forward currency contracts
- Deferred and contingent consideration

b) Financial instruments measured at fair value

The Group's financial assets and liabilities measured at fair value through profit and loss, including their fair value hierarchy, are as follows. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale.

The carrying values of the Group's financial assets and liabilities measured at fair value are:

	As at 31 Aug 2020	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Financial Assets				
Unlisted investments	1,500	-	1,500	-
Warrants	188	-	-	188
Forward currency contracts	1,288	-	1,288	-
Total	**2,976**	**-**	**2,788**	**188**
Financial Liabilities				
Embedded derivative	63	-	-	63
Total	**63**	**-**	**-**	**63**

	As at 29 Feb 2020	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Financial Assets				
Unlisted investments	1,500	-	1,500	-
Warrants	1,184	-	-	1,184
Total	2,684	-	1,500	1,184
Financial Liabilities				
Forward currency contracts	437	-	437	-
Embedded derivative	90	-	-	90
Total	527	-	437	90

Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities are classified in their entirety into one of three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data.

Unlisted investment

The unlisted investment of £1.5 million relates to the Group's investment in the London Tanker Broker Panel. The investment is carried at fair value, being the value of the most recent comparable transaction.

There was no movement in the fair value of the unlisted investment.

Warrants
The fair value of the warrants includes unobservable inputs and are therefore are classified as Level 3. The key assumptions underpinning the fair value of the warrants relate to the future expected share price of AqualisBraemar ASA, the GBP:NOK and GBP:USD exchange rate and the future performance of both AqualisBraemar as a whole, and of the former Braemar Marine and Adjusting product lines. The fair value has been determined using the Black-Scholes valuation model. The inputs in the Black-Scholes valuation model are:

- The share price of AqualisBraemar NOK 3.9
- The exercise price of the option NOK 0.01
- The length of the exercise period 0.88 years
- The compound risk-free interest rate
- The annualised standard deviation

The fair value of the warrants was decreased from £1.2 million on 29 February 2020 to £0.2 million on 31 August 2020 on the basis of forecasts prepared by the management of AqualisBraemar at 30 June 2020. The fair value of the warrants is determined by a number of factors including the future performance of the combined business and the former Adjusting and Marine product lines. A loss of £1.0 million has been recognised in specific items, see Note 5.

Forward currency contracts
The fair value of the forward currency contracts are based on prices quoted by the counterparty within these contracts versus the market rate at the Balance Sheet date and have therefore been classified as Level 2 in the fair value hierarchy.

The Group manages the exposure to US dollar currency variations by spot and forward currency sales and other derivative currency contracts.

At 31 August 2020 the Group held forward currency contracts to sell $43.0 million at an average rate of $1.2810/£1.

At 29 February 2020 the Group held forward currency contracts to sell US$43.7 million at an average rate of US$1.309/£1.

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £1,288,000 Asset (29 February 2020: £437,000 liability).

Amounts of £958,000 have been charged (29 February 2020: £638,000 charged) to the Income Statement in respect of forward contracts which have matured in the period.

Embedded derivative
The convertible loan note instruments issued on the acquisition of NAVES contain an embedded derivative, being a Euro liability of principal and interest. The equity value of the underlying derivative is not considered closely related to the debt host, therefore the loan note is considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The fair value of the embedded derivative includes unobservable inputs and are therefore classified as Level 3. They key assumptions underpinning the fair value of the embedded derivative relate to the expected future share price of the Group and the GBP:EUR exchange rate. The fair value has been determined using the Black-Scholes valuation model.

£27,000 has been charged to the Income Statement in respect of the fair value movement of the embedded derivative from 29 February 2020 to 31 August 2020.

c) Financial instruments not measured at fair value

The Group's financial assets and liabilities that are not measured at fair value are held at amortised costs. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

The carrying values of the Group's financial assets and liabilities measured at amortised cost are:

Financial assets	**As at 31 Aug 2020 £'000**	As at 29 Feb 2020 £'000
Cash and cash equivalents	**12,687**	28,749
Trade and other receivables	**35,840**	39,541
Total	**48,527**	68,290

Financial liabilities	**As at 31 Aug 2020 £'000**	As at 29 Feb 2020 £'000
Trade and other payables	**25,807**	48,031
Deferred and contingent consideration	**10,946**	10,369
Loans and borrowings	**44,512**	59,701
Total	**81,265**	118,101

13. Share capital

	Number of shares (thousands)	Ordinary Shares £'000	Share Premium £'000	Total £'000
At 1 March 2020	31,673	3,167	55,805	58,972
Issue of shares	36	5	-	5
At 31 August 2020	**31,709**	**3,172**	**55,805**	**58,977**

At 1 March 2019	31,436	3,144	55,805	58,949
Issue of shares	108	10	-	10
At 31 August 2019	**31,544**	**3,154**	**55,805**	**58,959**

On 31 August 2020 the total number of ordinary shares of 10 pence each in issue increased from 31,673,829 to 31,709,205. These shares were issued by the Company at nominal value and were used to settle shares that had vested in relation to the restricted share plan implemented to retain staff following the merger between Braemar Shipping Services plc and ACM Shipping Group plc.

14. Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total other reserves £'000
At 1 March 2020	396	21,346	1,385	(848)	22,279
Cash flow hedges	-	-	-	-	-
- Amounts recycled to profit or loss	-	-	-	958	958
- Fair value gains in the period	-	-	-	1,725	1,725
- Deferred tax on items taken to equity	-	-	-	(327)	(327)
Foreign exchange differences	-	-	(2,516)	-	(2,517)
At 31 August 2020	**396**	**21,346**	**(1,131)**	**1,508**	**22,119**

	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total other reserves £'000
At 1 March 2019	396	21,346	1,218	(103)	22,857
Cash flow hedges					
- Fair value losses in the period	-	-	-	(1,056)	(1,056)
Foreign exchange differences	-	-	1,344	-	1,344
At 31 August 2019	**396**	**21,346**	**2,562**	**(1,159)**	**23,145**

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

15. 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.

16. Related parties

The Group's related parties are unchanged from 29 February 2020 and there have been no significant related party transactions in the six months ended 31 August 2020. For further information about the Group's related parties, please refer to the Group's Annual Report 2020.

17. Events after the reporting date

There were no reportable events after 31 August 2020.

Statement of Directors' responsibilities

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Ronald Series, Executive Chairman

Nicholas Stone, Chief Operating Officer and Finance Director