



Braemar Shipping Services plc
Interim Report 2011

Shipbroking + Technical + Logistics + Environmental

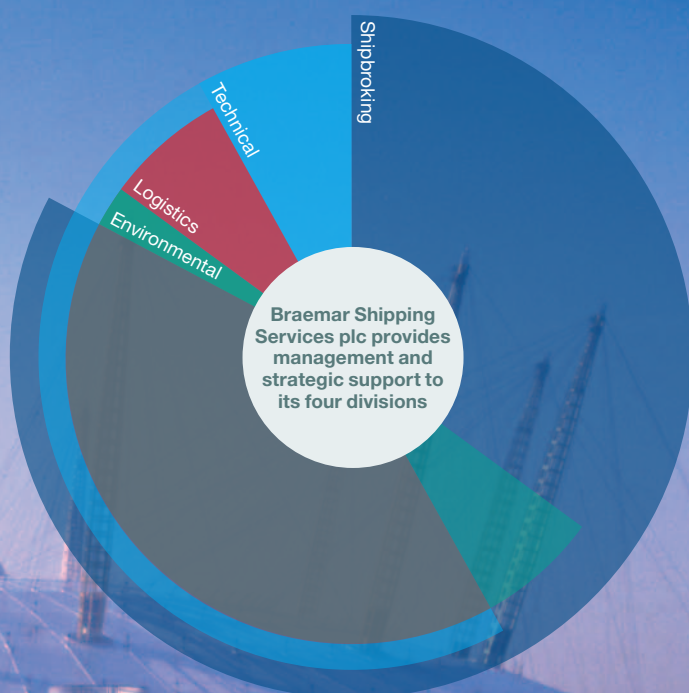


The Group is divided into four operating divisions: Shipbroking, Technical, Logistics and Environmental. These work together to offer a unique combination of skills for clients, at any time, anywhere in the world.

We recognise that the needs of our clients are ever-changing and our aim is to provide a skilled and professional workforce to address those needs.

We will continue to develop our worldwide presence to meet the challenges of our international market place.

Four complementary divisions



Shipbroking

- + Tanker chartering – crude oil, clean products, LPG, LNG, chemicals
- + Dry bulk chartering
- + Ship valuations
- + LPG trading
- + LNG consultancy
- + Offshore – chartering and sale and purchase
- + Containers – chartering and sale and purchase
- + Sale and purchase – second-hand, newbuilding, demolition

Technical

- + Warranty survey services
- + Energy loss adjusting
- + Hull and machinery surveys
- + Marine engineering and naval architecture
- + Marine consultancy
- + Vessel and condition surveys
- + Ship construction supervision
- + Failure mode and effect analysis
- + Marine cargo surveys
- + DP Audits
- + Shipyard risk assessments
- + Towage approvals

Logistics

- + Port and liner agency
- + Ship-to-ship transfers
- + Hub agency
- + Customs clearance
- + Supply chain management
- + Freight forwarding
- + Project cargoes
- + Cruise ship support
- + Recycling

Environmental

- + Pollution control
- + Incident response
- + Salvage services
- + Marine and port services
- + Accredited training and environmental consultancy
- + Crisis management and emergency response advisers
- + Industrial services and tank cleaning technologies
- + MARPOL waste reception facilities
- + Airport services
- + Forensic science services
- + Response facility management

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Financial highlights

Revenue from continuing operations

£61.5m

Interim 2010/11: £67.6m

Earnings per share before amortisation and non-recurring income

16.76p

Interim 2010/11: 28.79p

Pre-tax profit

£5.0m

Interim 2010/11: £7.2m

Interim dividend of 9.0p per share unchanged

9.0p

Interim 2010/11: 9.0p

Pre-tax profit before amortisation and non-recurring income

£4.8m

Interim 2010/11: £8.0m

Cash of £9.3m and no debt

£9.3m

31 August 2010: £14.8m

Basic earnings per share

17.60p

Interim 2010/11: 25.99p

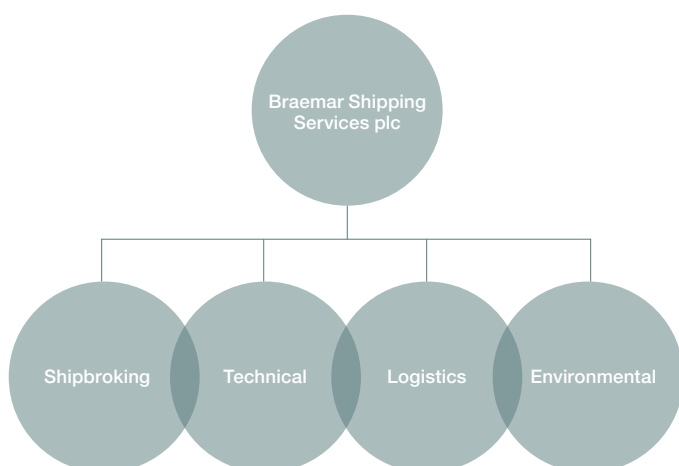
Chairman's statement



Sir Graham Hearne CBE
Chairman

Maximising opportunities

We endeavour to meet our clients' requirements through the complementary skills across our four divisions.



Shipping markets are experiencing a period of progressive weakness which has affected the performance of the Group in the first half. Group revenues were £61.5 million compared with £67.6 million last year and pre-tax profits were £5.0 million (interim 2010/11: £7.2 million), inclusive of a non-recurring gain of £1.0 million, recognised because the purchase of the business BMT Marine and Offshore Surveys Limited cost less than the fair value of the assets acquired. Earnings per share before amortisation and non-recurring gain were 16.76 pence compared with 28.79 pence in the first half of last year. Reported earnings per share were 17.60 pence (interim 2010/11: 25.99 pence).

The delivery of new tonnage has, in most sectors, far outweighed the growth in demand and driven down freight rates. The continued and growing demand for raw materials and oil from the Far East has seen a healthy level of chartering activity in both the wet and dry spot markets and our transaction numbers are generally higher, assisted by our growing presence in Singapore. However, any volume improvement has not compensated for the decline in average freight rate levels.

The sale and purchase market is susceptible to quieter periods while buyers and sellers revise their views on vessel values and the lack of availability of bank finance remains a constraint. Not surprisingly, the mix of our sale and purchase activity has shifted towards demolition during this period. We also experienced some slippage of deliveries into the second half and next year. However, we are well-placed for when the cycle turns and cash buyers emerge.

We have made progress with our strategy of diversifying our marine interests into areas which are less geared to the shipping market cycle and in the first half these businesses have contributed more than a third of the Group's profit before amortisation and unallocated costs. In May we acquired the business and certain assets of BMT Marine and Offshore Surveys Limited from the administrator for £2.4 million in cash. The business now trades under the Braemar name (incorporating the Salvage Association) providing hull and machinery, P&I and marine warranty survey services around the globe. Clients operate primarily in the insurance, shipping and offshore industries. In July we acquired the business and certain assets of Casbarian Engineering Associates Inc which provides specialist engineering services primarily to the offshore industry. These businesses form part of our Technical division and we are integrating them with our other businesses under the brand name Braemar Technical Services.

The Logistics Division has performed well this year with improved profitability in challenging markets, mostly due to new business that has been secured. We expect this improvement to continue into the Olympic year in 2012.

Braemar Howells – our Environmental Services business – has had a steady first half operating in a tough economic environment. However, they have recently been appointed for work connected with the stranded container vessel the 'RENA' in New Zealand. Their role will be similar to the work undertaken on the 'MSC NAPOLI' in 2007 and is in recognition of their expertise in this field. It is pleasing to note that the team attending in New Zealand draws upon personnel in other divisions and underlines the broad-ranging skills now employed within the group.

The Board has declared an unchanged interim dividend of 9.0 pence. The interim dividend will be paid on Wednesday 14 December 2011 to shareholders on the register at the close of business on Friday 25 November 2011.

In the light of the difficult conditions in the shipping market, we are taking measures to reduce costs, the full effect of which will not be felt until next year. These measures, combined with the capability of our non-broking businesses to make a greater overall contribution, give us confidence in the Group's resilience and we expect an improvement in the second half performance relative to the first half.

Sir Graham Hearne CBE

Chairman

24 October 2011

Chief Executive's review of activities



Alan Marsh FICS
Chief Executive

Shipbroking 2011 Highlights

Although commissions on average are lower than the previous half, our transaction numbers in the period have been strong, particularly in the Australian and Indian offices.

Technical 2011 Highlights

We are now bringing all our technical businesses together under the brand name Braemar Technical Services.

Logistics 2011 Highlight

All the key areas of import, export and airfreight forwarding performed well with significant activity from key project clients. The pipeline of business in the second half is promising and testament to the strong client base built up in the logistics business.

Environmental 2011 Highlight

Our international operations are beginning to show good growth in the provision of crisis management and incident response support, particularly for customers in West Africa and Indonesia. The Company's recent appointment in respect of the 'RENA', should result in an improved second half.

Shipbroking

Braemar Seascope

Revenue

£24.0m

Operating profit

£3.5m

Revenue was £24.0 million in the first half compared with £32.0 million last year and operating profit before amortisation was £3.5 million compared with £7.5 million last year. Shipbroking represented 61% of the operating profit before amortisation, a non-recurring gain and unallocated costs, compared with 82% last year.

The newbuilding delivery programme has significantly affected the dry bulk market this year. There will be in the region of 80 million tonnes of newbuilding delivered during 2011 and only 30 million tonnes scrapped. Despite this, cargo demand has been relatively strong with China remaining the main importer of the high grade ore from Brazil and Australia, and our transaction numbers have been firm against this backdrop. The Baltic Dry Index was 1,262 at the beginning of March and 1,619 at the end of August averaging 1,399 over the period which compares with an average of 2,902 during the first half of last year. Most of the volatility was in the Cape sector with the average daily earnings per ship at the beginning of March being US\$4,591 rising to US\$19,610 by the end of August, partly due to the recovery in steam coal exports from Queensland following the floods at the beginning of the year. While tonnage supply will inevitably inhibit ongoing improvement, demand continues to be reasonably healthy. Load port bottlenecks and new projects, especially in the mining sector are expected to come on stream over the next two to three years, adding cargo volume. Although commissions on average are lower than the previous half, our transaction numbers in the period have been strong particularly in the Australian and Indian offices. Since the end of the half, the dry market has firmed quite considerably with strong Chinese demand for coal and iron ore and the return of port congestion, and on 24 October the BDI stood at 2,153.

Demand for crude oil continues to grow and with escalating volumes being transported, in particular to China and India, we have also seen our transaction numbers in the large crude segment increase. Transaction levels with our clients in the Western hemisphere have increased and with the higher volume of oil now flowing from the Baltic area our chartering clients are becoming more active. However, the continuing supply of new tonnage has kept the charter rates low which in turn impacts commission values. The Baltic Dirty Index was 965 at the beginning of March and 679 at the end of August, averaging 806 over the six months (prior half average: 893). On 24 October it stood at 849. The refined products market has been moderately busy and we are pleased to report that our newly formed tanker broking desk in Singapore is successfully developing new streams of business in the Asian region. Like the crude markets, the product market is also oversupplied with new tonnage and although our transaction numbers have grown, the rates have also remained low. Time chartering tonnage on a low market is in the charterers' interests and we have had several enquiries which we are developing. Owners are naturally reluctant to commit their tonnage at low levels but we are still involved with owners' strategic decisions and expect our project team to remain busy.

Chief Executive's review of activities

continued

In the specialised petrochemical divisions we have added further contracts of affreightment as well as extending several existing contracts. The markets in LPG and LNG have improved as the requirement for tonnage has increased with the higher demand for cleaner fuel.

The LNG market has now absorbed the excess tonnage that had been underutilised over the past few years and the demand for transportation in the short to medium term is strong. We have been involved in several good fixtures and continue to work on longer-term projects both in consultancy and broking.

After the end of the first half we closed the unprofitable freight futures broking desk. The wet futures market proved to be particularly difficult with little prospect of any improvement in the near term.

The sale and purchase market was subdued for most of the half with the lack of benchmark transactions in the market leaving serious buyers and sellers often apart on price, and vessel values continuing to slide. In addition, the availability of bank finance limits new investment for some owners. Our newbuilding deliveries have for the most part taken place as expected, although there have been a few that have slipped to later periods. Our demolition business has been firm, assisted by the high price of steel and the increasing inability of older ships to trade profitably.

The container market began 2011 quite brightly after the recovery experienced in 2010. However, the past few months have seen a tail off in activity which, for the most part, is geared to the weaker economic outlook in Europe and the US. The lack of confidence in the charter market has undermined vessel values and few second-hand sales have taken place.

Our offshore desk has maintained a solid base of earnings across all revenue streams in an indifferent market. Activity in the Far East continues to grow and we are actively expanding our presence in that market. The long-term outlook is positive, driven by an expected increase in E&P activity. In addition, the growth in servicing wind farm projects is beginning to provide another source of income.

Technical

Braemar Falconer
Braemar Steege
Braemar SA
Wavespec
Casbarian

Revenue

£15.5m

Operating profit

£1.1m

Revenue in the first half increased to £15.5 million from £12.5 million last year and the segmental profit before amortisation and a non-recurring gain was £1.1 million, 22% higher than last year.

The business and assets of BMT Marine and Offshore Surveys Ltd were acquired on 9 May 2011 and the business is now trading as Braemar (incorporating The Salvage Association), or 'Braemar SA'. In the period since acquisition the business has performed in line with financial expectations. Synergies with other Braemar companies are beginning to be realised, as are opportunities to reduce overheads through shared back office services and the potential to locate surveyors within other existing Braemar offices where we can expand our global network. The acquisition of Braemar SA added £3.6 million to revenue during the half and £1.2 million to the segment result before amortisation inclusive of the non-recurring gain of £1.0 million. This arose because the fair value of the net assets acquired exceeded the cash price paid.

On July 15, 2011 we acquired the business of Casbarian Engineering Associates LLC for US\$75,000 and a two-year profit related earn-out capped at US\$3.5 million. The business is based in the United States and Trinidad and we expect its offshore engineering skills to be put to good use working alongside our team in the Far East. Its contribution to the half was not material.

We are now bringing all our technical businesses together under the brand name Braemar Technical Services. The four principal business service lines which we will now offer around the globe are:

Marine – mainly hull and machinery damage surveys and marine consultancy work;

Offshore – predominantly marine warranty surveys to the offshore (oil and gas) industry;

Engineering – design, plan approval, site supervision for ship construction;

Loss adjusting – energy loss adjusting and expert witness work.

Revenue in the first half from the offshore business increased by 10% with activity higher than last year. Our offices in Singapore, Malaysia and India have performed well due to more marine warranty surveying contracts from oil majors. We expect to see a better performance in offshore and engineering in the second half, driven by the ongoing projects and those in the pipeline.

Energy loss adjusting continued to operate in a period of low reported claims frequency, with incidents exceeding US\$1,000,000 in value during 2010/11 being one third in number compared to the previous ten year annual average. Despite this, offices in Calgary and Singapore have performed well and income in London is well supplemented by legal expert witness work. September has seen a significant influx of new instructions in Houston, and we are cautiously optimistic that the claims cycle may have turned, as post Macondo activity ramps up.

Logistics

Cory Brothers

Revenue

£19.7m

Operating profit

£1.1m

Cory Brothers had a good first half with revenues increasing to £19.7 million from £19.1 million in the prior half and operating profits before amortisation rose to £1.1 million (2009/10: £0.8 million). All the key areas of import, export and airfreight forwarding performed well with significant activity from key project clients. The pipeline of business in the second half is promising and testament to the strong client base built up in the logistics business. Ship agency has remained stable and has gained market share in an otherwise depressed UK market and the Singapore office has continued to gain from the high level of shipping activity in the region. The cruise tour excursions business saw further increases in port calls and passenger take-up throughout the summer season and we have already taken significant bookings for the RiverThames moorings during the London Olympics which will enhance 2012 revenues.

Environmental

Braemar Howells

Revenue

£2.3m

Operating profit

£0.1m

There were no large spill incidents during the first half which meant that revenues of £2.3 million were made up of routine contract work, training and consulting work. Spending controls have reduced the level of UK business received from various government agencies. However, our international operations are beginning to show good growth in the provision of crisis management and incident response support, particularly for customers in West Africa and Indonesia. The Company's recent appointment in respect of the 'RENA', should result in an improved second half.

Principal risks

The Directors consider that the principal risks and uncertainties which could have a material effect on the Group's performance in the second half of the year are unchanged from those identified on page 25 of the 2011 Annual Report. These include operational risks occurring as a result of changes in freight rates and vessel values or activity levels in the shipping market, ineffective internal systems or controls, staff departures, professional errors and/or omissions (for which the Group carries insurance) and the failure of support services such as communications systems and public utilities; foreign exchange risk from fluctuations in the US dollar to sterling exchange rate; liquidity risk arising from funding requirements; and credit risk in the form of non-payment of invoices.

Treasury

The majority of the Group's income is US\$ denominated and the average rate of exchange for conversion of US\$ income in the six months to 31 August 2011 was US\$1.61/£ (interim 2010/11: US\$1.54/£, full year 2010/11: US\$1.57/£). The rate of translation as at 31 August 2011 was US\$1.63/£. The half-on-half translation impact of the dollar was not significant and the Group holds forward contracts for \$11 million at an average rate US\$1.59/£ in respect of second half cash flows. Over a full year the approximate effect on shipbroking revenue of a 5 cent swing in the average US\$/£ rate of translation (assuming no hedging) is £1.4 million.

Taxation

The effective underlying rate of tax was 28.6% (interim 2010/11: 26.7%). The rate is higher than the UK standard rate of tax due to disallowed expenses and higher than the previous interim due to the release of prior year overprovisions last year.

Cash flow and acquisitions

Cash balances were £9.3 million at 31 August 2011 compared with cash of £14.8 million at 31 August 2010 and £25.6 million as at 28 February 2011. The Group normally generates most of its annual cash flow in the second half of the year with the first half reduction mainly due to the payment of the annual staff bonus and the full year dividend from the prior year. Acquisition payments totalling £2.7 million were mainly in respect of Braemar Technical Services and Casbarian. The Company also spent £1.0 million purchasing its own shares to be used in conjunction with staff incentive schemes.

Alan Marsh FICS

Chief Executive
24 October 2011

Statement of Directors' responsibilities

The Directors confirm, to the best of their knowledge, that this set of consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency rules of the United Kingdom's Financial Securities Authority.

The Directors of Braemar Shipping Services plc are listed in the Braemar Shipping Services plc Annual Report for 28 February 2011.

By order of the Board

Alan Marsh FICS

Chief Executive

24 October 2011

James Kidwell FCA

Group Finance Director

Braemar Shipping Services plc

Consolidated income statement

	Notes	Unaudited Six months to 31 Aug 2011 £'000	Unaudited Six months to 31 Aug 2010 £'000	Audited Year ended 28 Feb 2011 £'000
Continuing operations				
Revenue	4	61,521	67,591	126,135
Cost of sales		(15,685)	(18,160)	(29,897)
Gross profit		45,836	49,431	96,238
Operating costs				
Operating costs excluding amortisation		(41,176)	(41,572)	(81,744)
Acquisition related income	11	991	–	–
Amortisation of intangible assets		(760)	(788)	(1,565)
		(40,945)	(42,360)	(83,309)
Operating profit	4	4,891	7,071	12,929
Finance income		46	37	177
Finance costs		(10)	(7)	(14)
Share of profit after tax from joint ventures		102	113	103
Profit before taxation		5,029	7,214	13,195
Taxation	5	(1,441)	(1,928)	(3,378)
Profit for the period		3,588	5,286	9,817
Attributable to:				
Equity holders of the parent		3,555	5,259	9,802
Minority interest		33	27	15
Profit for the period		3,588	5,286	9,817
Earnings per ordinary share	6			
Basic – pence		17.60p	25.99p	48.41p
Diluted – pence		17.26p	25.51p	47.43p

Consolidated statement of comprehensive income

	Unaudited Six months to 31 Aug 2011 £'000	Unaudited Six months to 31 Aug 2010 £'000	Audited Year ended 28 Feb 2011 £'000
Profit for the period	3,588	5,286	9,817
Other comprehensive income/(expense)			
Foreign exchange differences on retranslation of foreign operations	536	(87)	977
Cash flow hedges – net of tax	(83)	53	(179)
Total comprehensive income for the period	4,041	5,252	10,615
Attributable to:			
Equity holders of the parent	4,008	5,225	10,600
Minority interest	33	27	15
Total comprehensive income for the period	4,041	5,252	10,615

Braemar Shipping Services plc

Consolidated balance sheet

	Notes	Unaudited As at 31 Aug 2011 £'000	Unaudited As at 31 Aug 2010 £'000	Audited As at 28 Feb 2011 £'000
Assets				
Non-current assets				
Goodwill		30,200	28,588	30,006
Other intangible assets		3,221	3,457	2,777
Property, plant and equipment		6,750	6,648	6,813
Investments		1,746	1,609	1,694
Deferred tax assets		1,650	1,340	1,797
Other receivables		236	290	238
		43,803	41,932	43,325
Current assets				
Trade and other receivables		43,731	41,561	40,741
Derivative financial instruments		154	–	314
Cash and cash equivalents		9,295	14,821	25,634
		53,180	56,382	66,689
Total assets		96,983	98,314	110,014
Liabilities				
Current liabilities				
Trade and other payables		28,704	31,876	41,062
Current tax payable		1,579	2,726	2,379
Provisions		305	272	267
		30,588	34,874	43,708
Non-current liabilities				
Deferred tax liabilities		975	1,817	1,271
Other payables		550	–	–
Provisions		228	203	217
		1,753	2,020	1,488
Total liabilities		32,341	36,894	45,196
Net assets		64,642	61,420	64,818
Equity				
Share capital	9	2,110	2,109	2,110
Share premium	9	11,080	11,019	11,077
Shares to be issued		(4,071)	(2,998)	(3,275)
Other reserves	10	26,776	25,491	26,323
Retained earnings		28,555	25,628	28,424
Total shareholders' equity		64,450	61,249	64,659
Minority interest		192	171	159
Total equity		64,642	61,420	64,818

Braemar Shipping Services plc

Consolidated cash flow statement

	Notes	Unaudited Six months 31 Aug 2011 £'000	Unaudited Six months 31 Aug 2010 £'000	Audited Year ended 28 Feb 2011 £'000
Profit before tax for the period		5,029	7,214	13,195
Adjustments for:				
– Depreciation		619	582	1,202
– Amortisation		760	788	1,565
– Loss on sale of property, plant and equipment		–	–	(20)
– Acquisition related income	11	(991)	–	–
– Finance income		(46)	(37)	(177)
– Finance expense		10	7	14
– Share of profit of joint ventures		(102)	(113)	(103)
– Share based payments		204	370	829
Financial instruments		–	(343)	(714)
Changes in working capital				
– Trade and other receivables		900	(4,292)	(4,395)
– Trade and other payables		(13,142)	(9,227)	854
Provisions		(5)	33	30
Cash generated from operations		(6,764)	(5,018)	12,280
Interest received		71	37	177
Interest paid		(35)	(7)	(14)
Tax paid		(2,368)	(2,715)	(5,164)
Net cash generated from/(used in) operating activities		(9,096)	(7,703)	7,279
Cash flows from investing activities				
Dividends from joint ventures		74	–	–
Acquisition of subsidiaries, net of cash acquired	11	(2,711)	(1,066)	(1,293)
Purchase of property, plant and equipment	8	(336)	(717)	(1,549)
Proceeds from sale of property, plant and equipment		–	–	43
Purchase of investments		–	–	(94)
Other long-term receivables		2	(121)	(69)
Net cash used in investing activities		(2,971)	(1,904)	(2,962)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		3	6	65
Dividends paid	7	(3,421)	(3,293)	(5,110)
Purchase of own shares		(1,004)	(42)	(916)
Net cash used in financing activities		(4,422)	(3,329)	(5,961)
Decrease in cash and cash equivalents		(16,489)	(12,936)	(1,644)
Cash and cash equivalents at beginning of the period		25,634	27,930	27,930
Foreign exchange differences		150	(173)	(652)
Cash and cash equivalents at end of the period		9,295	14,821	25,634

Braemar Shipping Services plc

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 £'000	Minority interest £'000	Total equity £'000
At 1 March 2011	2,110	11,077	(3,275)	26,323	28,424	64,659	159	64,818
Cash flow hedges – net of tax	–	–	–	(83)	–	(83)	–	(83)
Exchange differences	–	–	–	536	–	536	–	536
Amounts recognised directly in the statement of comprehensive income	–	–	–	453	–	453	–	453
Profit for the period	–	–	–	–	3,555	3,555	33	3,588
Total income for the period	–	–	–	453	3,555	4,008	33	4,041
Dividends paid	7	–	–	–	(3,421)	(3,421)	–	(3,421)
Issue of shares	–	3	–	–	–	3	–	3
Purchase of shares	–	–	(1,004)	–	–	(1,004)	–	(1,004)
ESOP shares allocated	–	–	208	–	(208)	–	–	–
Share option schemes	–	–	–	–	205	205	–	205
Balance at 31 August 2011	2,110	11,080	(4,071)	26,776	28,555	64,450	192	64,642

At 1 March 2010	2,108	11,014	(3,198)	25,525	23,534	58,983	144	59,127
Cash flow hedges – net of tax	–	–	–	53	–	53	–	53
Exchange differences	–	–	–	(87)	–	(87)	–	(87)
Amounts recognised directly in the statement of comprehensive income	–	–	–	(34)	–	(34)	–	(34)
Profit for the period	–	–	–	–	5,259	5,259	27	5,286
Total income for the period	–	–	–	(34)	5,259	5,225	27	5,252
Dividends paid	7	–	–	–	(3,293)	(3,293)	–	(3,293)
Issue of shares	–	1	5	–	–	6	–	6
Purchase of shares	–	–	(42)	–	–	(42)	–	(42)
ESOP shares allocated	–	–	242	–	(242)	–	–	–
Share option schemes	–	–	–	–	370	370	–	370
Balance at 31 August 2010	2,109	11,019	(2,998)	25,491	25,628	61,249	171	61,420

Braemar Shipping Services plc

Unaudited notes to the financial information for the six months ended 31 August 2011

1 General information

The interim consolidated financial statements of the Group for the period ended 31 August 2011 were authorised for issue in accordance with a resolution of the directors on 24 October 2011. Braemar Shipping Services plc is a Public Limited Company incorporated and domiciled in England and Wales.

The term 'Company' refers to Braemar Shipping Services plc and 'Group' refers to the Company and all its subsidiary undertakings and the employee share ownership trust. The address of its registered office is 35 Cosway Street, London NW1 5BT.

These interim condensed consolidated financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The audited statutory accounts for the year ended 28 February 2011 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.

Forward-looking statements

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

2 Basis of preparation and statement of compliance

This consolidated interim financial information for the half-year ended 31 August 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 28 February 2011, 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 consolidated financial statements are consistent with those of the annual financial statements for the year ended 28 February 2011, as included in those annual financial statements, except as described below.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 March 2011 and have been applied to the Group:

- Annual improvements 2010 – these amendments include greater emphasis on the disclosure principles in IAS 34 involving significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report;
- Amendment to IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' – the amendments apply in limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset.

None of the above revisions have any impact on the presented results of the Group for this current period, but could impact the Group in the future.

A number of other new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 March 2011. The Board regularly considers these and have concluded that none are currently relevant to the Group nor expected to have a material impact in the future. Additionally, no new standards, amendments and interpretation which are effective for subsequent accounting periods have been adopted early by the Group.

4 Segmental information**Six months to 31 August 2011**

	Shipbroking £'000	Technical £'000	Logistics £'000	Environmental £'000	Total £'000
Revenue	23,951	15,539	19,719	2,312	61,521
Segment result before amortisation of intangible assets	3,535	1,063	1,116	61	5,775
Amortisation of intangible assets	(289)	(374)	(95)	(2)	(760)
Acquisition related income	–	991	–	–	991
Segment result	3,246	1,680	1,021	59	6,006
Unallocated other costs					(1,115)
Operating profit					4,891
Finance income – net					36
Share of profit from joint ventures					102
Profit before taxation					5,029
Taxation					(1,441)
Profit for the period attributable to shareholders					3,588
Segment operating assets	42,720	26,806	12,871	1,895	84,292

Six months to 31 August 2010

Revenue	32,023	12,475	19,114	3,979	67,591
Segment result before amortisation of intangible assets	7,537	874	793	15	9,219
Amortisation of intangible assets	(293)	(322)	(155)	(18)	(788)
Segment result	7,244	552	638	(3)	8,431
Unallocated other costs					(1,360)
Operating profit					7,071
Finance income – net					30
Share of profit from joint ventures					113
Profit before taxation					7,214
Taxation					(1,928)
Profit for the period attributable to shareholders					5,286
Segment operating assets	44,485	19,738	13,195	3,126	80,544

Year ended 28 February 2011

Revenue	61,646	22,621	35,119	6,749	126,135
Segment result before amortisation of intangible assets	14,309	1,319	1,230	271	17,129
Amortisation of intangible assets	(586)	(644)	(299)	(36)	(1,565)
Segment result	13,723	675	931	235	15,564
Unallocated other costs					(2,635)
Operating profit					12,929
Finance income – net					163
Share of profit from joint ventures					103
Profit before taxation					13,195
Taxation					(3,378)
Profit for the period attributable to shareholders					9,817
Segment operating assets	43,448	20,738	14,141	2,562	80,889

Segment assets consist primarily of intangible assets (including goodwill), tangible fixed assets, receivables and other assets. Receivables for taxes, cash and cash equivalents and investments have been excluded.

Braemar Shipping Services plc

Unaudited notes to the financial information for the six months ended 31 August 2011 continued

5 Taxation

Current tax expense for the interim periods presented is the expected tax payable on the taxable 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 2011 was 28.6% (six months ended 31 August 2010: 26.7%, year ended 28 February 2011: 25.6%).

6 Earnings per share

	Six months to 31 Aug 2011 £'000	Six months to 31 Aug 2010 £'000	Year ended 28 Feb 2011 £'000
Profit for the period attributable to shareholders	3,555	5,259	9,802
	pence	pence	pence
Basic earnings per share	17.60	25.99	48.41
Effect of dilutive share options	(0.34)	(0.48)	(0.98)
Diluted earnings per share	17.26	25.51	47.43
Profit for the period attributable to shareholders before amortisation and acquisition related income	3,384	5,826	10,901
	pence	pence	pence
Basic earnings per share	16.76	28.79	53.84
Effect of dilutive share options	(0.33)	(0.52)	(1.10)
Diluted earnings per share	16.43	28.27	52.74

7 Dividends

The following dividends were paid by the Group:

	Six months to 31 Aug 2011 £'000	Six months to 31 Aug 2010 £'000	Year ended 28 Feb 2011 £'000
Ordinary shares of 10 pence each			
Final of 17.0 pence per share (2010: 16.25 pence per share)	3,421	3,293	3,293
Interim of 9.0 pence per share paid	—	—	1,817
	3,421	3,293	5,110

The Directors have declared an interim dividend of 9.0 pence per ordinary share, payable on 14 December 2011 to shareholders on the register on 25 November 2011.

8 Goodwill, other intangible assets and property, plant and equipment

	Goodwill, tangible and intangible assets £'000
Six months ended 31 August 2011	
Opening net book amount at 1 March 2011	39,596
Acquisition of subsidiaries (see note 11)	1,476
Additions	336
Depreciation and amortisation	(1,379)
Exchange movements	142
Closing net book amount at 31 August 2011	40,171

8 Goodwill, other intangible assets and property, plant and equipment continued

	Goodwill, tangible and intangible assets £'000
Six months ended 31 August 2010	
Opening net book amount at 1 March 2010	39,497
Acquisition of a subsidiary	(151)
Additions	717
Depreciation and amortisation	(1,370)
Closing net book amount at 31 August 2010	38,693

9 Share capital

	Number of shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 March 2011	21,096	2,110	11,077	13,187
Shares issued and fully paid	1	—	3	3
At 31 August 2011	21,097	2,110	11,080	13,190
At 1 March 2010	21,073	2,108	11,014	13,122
Shares issued and fully paid	2	1	5	6
31 August 2010	21,075	2,109	11,019	13,128

The Group's ESOP trust acquired 209,410 of the Company's shares in the first half of the year for £1,004,000.

During the six months ended 31 August 2011, 27,775 shares at a value of £115,000 that were awarded to employees in May 2008 as part of the Deferred Bonus Plan (the Plan) were delivered to them in May 2011 following the three year vesting period. Details of the Plan are disclosed in the annual financial statements for the year ended 28 February 2011.

In addition, 26,668 shares at a value of £93,000 that were awarded to executive Directors in May 2007 as part of the long-term incentive plan ('LTIP') were delivered to them in May 2011 due to performance conditions being met. Details of the LTIP are disclosed in the annual financial statements for the year ended 28 February 2011.

10 Other reserves

Group	Capital redemption reserve £'000	Merger reserve £'000	Deferred consideration reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total other reserves £'000
At 1 March 2011	396	21,346	(389)	4,798	172	26,323
Cash flow hedges						
– Transfer to net profit	—	—	—	—	(236)	(236)
– Fair value gains in the period	—	—	—	—	120	120
Foreign exchange differences	—	—	—	536	—	536
Deferred tax on items taken to equity	—	—	—	—	33	33
At 31 August 2011	396	21,346	(389)	5,334	89	26,776
At 1 March 2010	396	21,346	(389)	3,821	351	25,525
Cash flow hedges						
– Transfer to net profit	—	—	—	—	(145)	(145)
– Fair value losses in the period	—	—	—	—	219	219
Foreign exchange differences	—	—	—	(87)	—	(87)
Deferred tax on items taken to equity	—	—	—	—	(21)	(21)
At 31 August 2010	396	21,346	(389)	3,734	404	25,491

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

Braemar Shipping Services plc

Unaudited notes to the financial information for the six months ended 31 August 2011 continued

11 Acquisitions

On 9 May 2011 the Group acquired the business and certain assets of BMT Marine and Offshore Surveys Limited ("BMTMOS") from the Administrator, Deloitte for a cash consideration of £2.4 million.

The provisional fair value of the assets acquired was:

	Acquiree's carrying amount £'000	Fair value adjustments £'000	Provisional fair value £'000
Intangible assets	–	680	680
Property, plant & equipment	199	–	199
Trade and other receivables	3,665	(151)	3,514
Payables	–	(827)	(827)
Net assets acquired by the Group	3,864	(298)	3,566
Cash consideration			2,400
Excess of fair value of net assets acquired over consideration paid			1,166
Transaction costs			(175)
Non-recurring gain			991

The acquired business contributed revenues of £3,154,000 and an operating profit before amortisation of £181,000 to the Group for the period from acquisition to 31 August 2011.

On 15 July 2011, the Group acquired the business and certain assets of Casbarian Engineering Associates Inc for US\$75,000 (£47,000) which was paid on completion and an earn-out. The earn-out will be assessed on a multiple of the earnings before interest and tax in each of the two years post completion and is capped at US\$3.5 million. Management is currently assessing the fair value of the net assets acquired and has estimated the deferred consideration payable at £550,000.

Stage payments were made in the six months ended 31 August 2011 in respect of the acquisitions of Cagnoil Limited (£47,000) and LPG Connect (£42,000) in previous years.

Amounts totalling £175,000 were incurred in respect of acquisition related activities in the six months ended 31 August 2011 and charged to the income statement as incurred.

12 Related parties

The Group's related parties are unchanged from 28 February 2011 and there have been no significant related party transactions in the six months ended 31 August 2011.

For further information about the Group's related parties, please refer to the Group's annual financial statements for the year ended 28 February 2011.

Independent review report to Braemar Shipping Services plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2011 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity.

Paragraph 43 (c) of ISRE (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' requires that the report must identify the title of each of the statements contained within the condensed set of financial statements and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 Disclosure and Transparency Rules ('the DTR') of the UK's Financial Services Authority ('the UK FSA'). 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.

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 FSA.

As disclosed in note 2 the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' 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.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

John Luke

for and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square, London E14 5GL
24 October 2011

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