



**Press Release**

**24 June 2009**

**ACM Shipping Group plc**

("ACM" or "the Group")

**Preliminary Results**

ACM Shipping Group plc (AIM:ACMG), a leading international tanker broker, today announces its preliminary results for the year ended 31 March 2009.

**Highlights**

- Total revenue up 29% on 2008 to US\$50.9 million (2008: US\$39.3 million)
- Profit before amortisation and taxation up 59% to £8.7 million (2008: £5.5 million)
- Final dividend of 6 pence per share, making 8.5 pence for year up 42% (2008: 6.0 pence)
- 19% increase in the number of spot fixtures contracted during the period
- Time charter forward order book at US\$25 million, similar level to last year
- Harris & Dixon Shipbrokers, acquired in June 2008 has out performed management expectations
- Basic EPS up 73%, adjusted EPS up 61%
- Overseas offices, India and Singapore performing well
- Strong cash position with £4.9 million and no debt

Commenting on the results, Johnny Plumbe, Chief Executive of ACM Shipping Group plc, said: "This has been an excellent year for the ACM and I am delighted to report a 59% increase in profit before amortisation and taxation. Harris & Dixon has been successfully integrated into the Group and as well as outperforming the management's expectations, it has delivered a high level of referrals to other divisions of the business. We continue to increase our market share of the spot market and the number of completed deals was up 19% on the previous year. We have had a positive start to the current financial year, volumes have held up and we are seeing an increased level of activity. Although tanker freight rates have declined this year we have seen them pick up in recent weeks. There is still a strong global demand for oil and we have an established team of brokers in place to deliver."

**For further information, please contact:**

**ACM Shipping Group plc**

Johnny Plumbe, Chief Executive

Ian Hartley, Finance Director

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## **Chairman's Statement**

2008/2009 was a very good year for ACM and I am delighted to report such a strong set of results. The Group has seen significant growth from both its UK and overseas offices and most areas of the business outperformed management expectations. The complementary acquisition of Harris & Dixon Shipbrokers ("Harris & Dixon") has been successfully integrated and has proven to be a strong strategic addition to the Group. In addition, the strengthening of the US dollar against the pound in the second half of the year had a positive effective on the Group's profitability.

## **Results**

The Group's revenue from ship broking increased in US dollar terms by 29% to US\$50.9 million (2008: US\$39.3 million). It was an excellent period for the spot desk, freight rates were good through the majority of the year and the number of spot fixtures was up 19%, excluding income from Harris and Dixon. Time charter continues to perform strongly and delivered a 33% revenue increase on last year with a forward order book of US\$25 million at the end of March 2009. The sale and purchase ("S&P") desk continues to deliver and the Group maintained a steady rate of contracts. This is a good achievement given the difficult conditions in the S&P market during the year and I am pleased to say that, to date, ACM has lost no deals and the forward order book remains healthy at US\$7 million (2008: US\$7.5million). The Group's joint venture with GFI Group, Inc. on the freight futures market also experienced high volumes and resulted in returns for the Group significantly ahead of management expectations.

The strengthening of the US dollar had a positive impact on the Group's sterling equivalent revenues. Profit before amortisation and taxation was up 59% to £8.7 million (2008: £5.5 million) with adjusted earnings per share at 35.9 pence up 61% on the preceding year. The business remains extremely cash generative, reporting cash balances at 31 March 2009 of £4.9 million and no debt. This performance is after paying £2.5 million for the acquisition of Harris & Dixon and £3.0 million in deferred consideration, resulting from the December 2007 acquisition of ACM Shipping Services.

## **Dividend**

ACM continues to provide shareholders with a progressive dividend. The Directors are recommending a final dividend of 6 pence per share in respect of the year to 31 March 2009. This makes a total of 8.5 pence per share for the year which is a 42% increase on the 6 pence paid for the previous year. The final dividend is payable on 9 October 2009 to shareholders

on the register as at 11 September 2009. The dividend for the year is covered more than 4 times by the full year's earnings.

### **Strategy**

The Group's strategy is to gain market share by expanding its team of expert brokers to enter new shipping sectors and penetrate new regional markets which is being achieved both organically and through acquisition. In line with this strategy, ACM acquired the specialist small oil tanker broker Harris & Dixon, in June 2008. Since the acquisition, Harris & Dixon has been fully integrated into the Group and outperformed the Board's expectations. In addition ACM has formally opened its Indian office, expanded its team of brokers in the UK and started to see tangible rewards from its Singapore office. This strategy has produced a strong fundamental business with a solid platform for future growth and following on from the success to date we continue to look for opportunities to expand the Group's offering.

### **Employees**

The success of ACM is due to the high quality of its employees and their commitment to ensure the Group continues to strengthen its relationships with existing clients as well as forging new relationships. As the business evolves, the Group continues to expand and diversify its broking teams. It is important that the desks are integrated with brokers working together to ensure maximum success of ACM. I would like to thank all of our employees for their committed support in enabling a good set of results to be produced.

### **Current trading**

Tanker freight rates were exceptionally strong during 2008. ACM was well placed to take advantage of this and as a result had an excellent year. Tanker rates have fallen during the last quarter and, in line with market forecasts, the Group does not expect to see the same level of revenue next year. However there is still an ongoing global demand for oil and the volume of trades has held up extremely well in the first two months of the financial year. This combined with a solid forward order book puts the Group in a strong position and the Board remains cautiously optimistic about the forthcoming year.

**Peter Sechiari**

**Chairman**

**24 June 2009**

## **Chief Executive's Review**

This has been an excellent year for ACM and I am delighted with the continued success of the Group. The strategy of diversifying the offering through building complementary broking teams has been extremely successful and the US dollar income for the year was up by 29%.

### **Spot brokerage**

The spot brokerage desk, which accounts for 52% of the business and involves the hire of a ship for a single voyage, had an excellent year with overall US\$ spot income being up 49%. The Group has increased its market share with the number of deals up by 19% on 2008, excluding deals from Harris & Dixon. This follows a 12% increase from the previous year. The average freight income per deal was also higher than the previous year as a result of exceptionally high freight rates during the middle part of 2008.

### **Time charter**

The time charter business, which involves the long term hire of tankers, also performed strongly and showed a 33% US\$ revenue increase over the previous year. The time charter business gives the Group visibility on future earnings. At the year end, the forward order book ran to 2018 and stood at over US\$25 million, of this US\$11.5 million will be invoiced in the forthcoming financial year.

### **Sale and purchase**

The sale and purchase business, which involves the sale and purchase of new and older ships, maintained a steady volume of transactions. Although the S&P market has seen a decline in activity, ACM has not lost any deals and the forward order book remains healthy at US\$7 million. The demolition market has been very active and ACM is one of the leading brokers in this sector.

### **Harris & Dixon Shipbrokers**

Harris & Dixon, which the Group acquired in June 2008, has been successfully integrated into the Group. The acquisition has broadened ACM's offering, enabling the Group to provide specialist small tanker broking services. As well as providing a healthy contribution of £2.5 million to the Group revenue and profit before taxation and amortisation of £0.7 million there have been a significant number of referrals both ways between Harris & Dixon and other divisions of the Group.

### **Overseas operations and new markets**

ACM provides its customers with a complete range of integrated global services, to provide local support the Group has offices in key geographic locations. The Indian office had a strong year. The office in Singapore also had a good year, rates were strong and the office saw a significant increase in the number of spot deals. Last year the Group changed its operations in China from a joint venture to a wholly owned and controlled operation. Initial indications are encouraging and that this will provide better returns in the medium and long term.

ACM is also involved in the gas shipping market. This business is now progressing and has concluded a number of deals. We are confident about a successful future in this market.

### **Joint venture**

The Group's joint venture with GFI Group, Inc. to conduct derivative brokerage had another excellent year. The JV increased its customer base and there was a significant increase in the volume of deals and the contribution to profit was up 72%. This venture adds significant value to ACM and its clients.

### **The Market**

ACM is currently focussed on the wet tanker market. There is still a global demand for oil and although freight rates are down on last year trading remains resilient. The world consumption of oil is approximately 83.3 million barrels a day which is down on 2008. However the situation is becoming more optimistic as the International Energy Agency has recently upwardly revised its forecast for demand in 2009 which is the first time it has increased its 2009 forecast. Medium and long term forecasts show a continuing increase in the world demand for oil. We continue to see a shift in the demand for imported oil from the USA towards the Far East. The Group has limited exposure to the dry bulk market through transactions carried out by the sale and purchase team. In line with its strategy, ACM continues to review opportunities for a greater involvement in the dry bulk market.

### **Outlook**

Based on stronger than expected first quarter demand ACM has had a positive start to the financial year; the volume of trades has held up and we are seeing an increased level of activity. The Group will always be subjected to fluctuations in currency exposure. Although the US dollar has weakened recently, the Group continues to protect its exposure through foreign exchange hedging. ACM's dedicated team of brokers has established an extensive and loyal list of clients and as a result the Group has a strong forward order book. ACM is a solid

business; the Group's strategy for expanding its offering through the addition of new services and offices in new locations through complementary acquisitions and organic growth has proven to be highly successful and has formed a good basis for future growth. As such, the Board is optimistic for the future and continues to look for opportunities in the UK and new international markets.

**Johnny Plumbe**

**Chief Executive**

**24 June 2009**

## **Financial review**

### **Profit and earnings**

After adding back amortisation of £0.6 million (2008: £0.7 million) on intangible assets arising from acquisitions, adjusted profit before tax and amortisation was £8.7 million. This represents an increase of 59% over the previous year.

Profit before taxation for the year was £8.1 million (2008: £4.8 million).

Basic earnings per share ("EPS") increased 73% from 19.3 pence in 2008 to 33.4 pence basic with adjusted EPS up 61% from 22.3 pence to 35.9 pence. On a diluted basis, the growth was 73 % to 33.2 pence and 61% to 35.7 pence adjusted.

The effective taxation rate is lower than usual at 28.0% (2008: 36.2%). This is due the Group's overseas operations moving into profit for the year and utilising brought forward losses. This is addition to the UK corporation tax rate falling by 2% at the beginning of the year to 28%.

### **Foreign exchange**

The bulk of the Group's income is denominated in US dollars. The US dollar further strengthened during the year. The average effective exchange rate for the year was US\$1.67 compared with US\$2.00 for the previous year, while the rate at 31 March 2009 was US\$1.43 compared with US\$1.99 for the previous year. The overall effect of the change in exchange rates was to increase revenue by £4.8 million and profit before taxation by £ 2.1million. At the year end the Group had forward currency contract to sell U\$9.0 million at an average exchange rate of US\$1.48 to £1.

### **Dividends**

The Directors are recommending a final dividend of 6 pence per share in respect of the year to 31 March 2009 at a total value of £1,058,000. Together with an interim dividend of 2.5 pence paid during the year, the total dividend in respect of the year would be 8.5 pence at a total value of £1,499,000. The total dividend of 8.5 pence is 42% higher than the previous year full dividend of 6 pence per share.

### **Cash flow**

One of the key attributes of the Group is its cash generative nature. Cash generated from operating activities was £9.0 million (2008: £4.7 million). This inflow excludes a further £1.5

million (2008: £1.3 million) received from joint ventures and associates. The cash balance at the year end was £4.9 million (2008: £3.6 million). This was after having paid £2.5 million for the acquisition of Harris & Dixon and £3.0 million for the deferred consideration on the acquisition of ACMSS.

## **Balance Sheet**

Included within non-current assets is £10.6 million (2008: £8.7 million) for intangible assets which resulted from acquisitions.

The pension deficit for the defined benefit scheme has increased to £1.2 million from £1.0 million. A deferred tax asset of £0.3 million (2008: £0.3 million) exists as a result of this liability. This scheme is closed to new members.

The value of net assets at the balance sheet date was £12.2 million (2007: £7.9 million).

Trade and other receivables show a year on year increase which primarily relates to the higher level of activity in the business.

Trade and other payables have increased by approximately £1.0 million despite the 2008 figure including £3.0 million of deferred consideration which has since been paid. The majority of this uplift relates to an increase in the bonus accrual to £3.8 million (£1.7 million in 2008) with the balance of the increase mainly relating to the higher level of activity in the business.

## **Risk management**

The Board seeks to identify and monitor risks facing the business.

Foreign exchange risk; the majority of the Group's income is denominated in US dollars and the rate of exchange relative to sterling can have an effect on the performance of the Group. The Group uses foreign exchange instruments to manage this risk. At March 31 2009 the Group had forward foreign exchange contracts in place to sell US\$9.0 million (2008: US\$6.4 million) at an average rate of US\$1.48 (2008: US\$1.97) into sterling. The Board has a policy to continually have some forward cover in place to help manage this risk.

Liquidity risk; at 31 March the Group did not hold any net debt and has adequate cash resources to meet its ongoing requirements.

Interest rate risk; the Group has exposure to movements in interest rates in respect of its deposits. All deposits are made with reputable banks.

**Ian Hartley**  
**Finance Director**  
**24 June 2009**

## Consolidated income statement

Year ended 31 March 2009

	Note	2009	2008
		£'000	£'000
<b>Revenue</b>	2	<b>30,143</b>	19,638
Administrative expenses		<b>(22,907)</b>	(15,709)
Amortisation of intangible assets		<b>(606)</b>	(664)
		<hr/>	
		<b>6,630</b>	3,265
Share of operating profits in joint ventures and associates	3	<b>1,490</b>	1,308
<b>Operating profit</b>		<hr/> <b>8,120</b>	4,573
Net interest		<b>(5)</b>	242
<b>Profit before taxation</b>		<hr/> <b>8,115</b>	4,815
Taxation		<hr/> <b>2,275</b>	1,744
<b>Profit for the year</b>		<hr/> <b>5,840</b>	3,071

All of the activities of the ACM Shipping Group are classed as continuing.

<b>Earnings per share</b>	5		
Basic		33.4p	19.3p
Fully diluted		33.2p	19.2p

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**Group statement of recognised income and expense**  
**Year ended 31 March 2009**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Profit for the year	<b>5,840</b>	3,071
Actuarial (loss)/gain in respect of defined benefit pension scheme	<b>(652)</b>	323
Deferred tax in respect of defined benefit pension scheme	<b>183</b>	(118)
Exchange differences on translation of foreign operations	<b>(100)</b>	21
Currency reserve	<b>9</b>	1
	<hr/>	<hr/>
Total recognised income and expense	<b>5,280</b>	3,298

**Consolidated balance sheet  
As at 31 March 2009**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Non-current assets</b>		
Property and equipment	550	484
Intangible assets	10,619	8,702
Investments	1,493	1,509
Deferred tax asset	338	293
	<u>13,000</u>	10,988
<b>Current assets</b>		
Trade and other receivables	5,997	3,979
Cash and cash equivalents	4,935	3,565
	<u>10,932</u>	7,544
<b>TOTAL ASSETS</b>	<u>23,932</u>	18,532
<b>Current liabilities</b>		
Trade and other payables	(9,014)	(8,097)
Current tax payable	(1,317)	(1,131)
	<u>(10,331)</u>	(9,228)
<b>Non-current liabilities</b>		
Deferred tax liabilities	(208)	(394)
Pension liability	(1,206)	(1,045)
	<u>(1,414)</u>	(1,439)
<b>TOTAL LIABILITIES</b>	<u>(11,745)</u>	(10,667)
<b>NET ASSETS</b>	<u>12,187</u>	7,865
<b>Capital and reserves</b>		
Share capital	176	173
Share premium account	3,730	3,730
Merger reserve	(135)	(135)
Retained earnings	8,219	4,087
Other reserves	197	10
	<u>12,187</u>	7,865
<b>TOTAL EQUITY</b>	<u>12,187</u>	7,865

**Group cash flow statement**  
**Year ended 31 March 2009**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Profit before taxation</b>	<b>8,115</b>	4,815
Depreciation	228	166
Interest	5	(242)
Shares of operating profits in joint ventures and associates	<b>(1,490)</b>	(1,308)
Amortisation of intangibles	606	664
Share based payments	178	9
<b>Operating cash flow before changes in working capital and provisions</b>	<b>7,642</b>	4,104
(Increase) in debtors	<b>(2,018)</b>	(394)
Increase/(decrease) in creditors	<b>3,831</b>	1,019
Provision for pension scheme costs	228	167
Pension scheme contributions paid	<b>(695)</b>	(221)
<b>Cash generated from operating activities</b>	<b>8,988</b>	4,675
Taxation paid	<b>(2,137)</b>	(2,063)
<b>Net cash from operating activities</b>	<b>6,851</b>	2,612
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<b>(267)</b>	(195)
Investment	<b>(44)</b>	-
Acquisition of subsidiary, net of cash acquired	<b>(3,017)</b>	(232)
Acquisition of business	<b>(2,538)</b>	-
Dividends received from associates	78	240
Amounts received from joint ventures	1,472	1,101
Interest	<b>(29)</b>	125
<b>Net cash used in investing activities</b>	<b>(4,345)</b>	1,039
<b>Cash flows from financing activities</b>		
Dividends paid	<b>(1,139)</b>	(652)
Issue of new shares, less share issue costs	3	-
<b>Net cash used in financing activities</b>	<b>(1,136)</b>	(652)
<b>Net increase in cash and cash equivalents</b>	<b>1,370</b>	2,999
<b>Cash and cash equivalents at the beginning of the year</b>	3,565	566
<b>Cash and cash equivalents at the end of the year</b>	<b>4,935</b>	3,565

## 1. Accounting policies

### Basis of consolidation

These financial statements have been prepared in accordance with the Companies Act and those EU endorsed IFRS standards and IFRIC interpretations issued and effective or issued and early adopted at the time of preparing these statements (June 2009). They have been prepared under the historical cost convention. The policies have been consistently applied to all the periods presented

## 2. Segmental analysis

The Group has taken early adoption of IFRS8 "Operating Segments". The Group operates in one business sector and does not report internally any segmental information other than revenue streams. As a result no additional business sector information is provided. Business is the Group's primary reporting segment. Geographical information is not produced and is not readily available. In view of management the cost of developing this information would be excessive.

Analysis of Group's revenue;

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Spot brokerage	<b>15,750</b>	9,139
Time charter	<b>8,339</b>	5,212
Demurrage	<b>1,103</b>	565
Sale and purchase	<b>4,951</b>	4,722
	<b>30,143</b>	19,638

## 3. Share of operating profits of joint ventures and associates

The Group's share of operating profits of joint ventures and associates was:

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Joint ventures	<b>1,490</b>	865
Associates	-	443
	<b>1,490</b>	1,308

## 4. Acquisition

During the year the Group acquired the business of Harris & Dixon Shipbrokers for a total cash consideration of £2,538,000. Included within the assets acquired were tangible fixed assets of £15,000, goodwill of £1,521,000 and other intangible assets of £1,002,000.

## 5. Earnings per share

Earnings per share (EPS) is calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares in issue in the year.

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Earnings</b>		
Earnings for the year	<b>5,840</b>	3,071
Adjust for amortisation of intangibles	<b>606</b>	664
Adjust for deferred taxation impact of amortisation of intangibles	<b>(170)</b>	(186)
Earnings for adjusted EPS	<b>6,276</b>	3,549
	<hr/>	<hr/>
<b>Number of shares</b>	<b>Number</b>	Number
Weighted average number of shares	<b>17,463,980</b>	15,940,665
Dilution effect of share plans	<b>115,827</b>	65,665
Diluted weighted average number of shares	<b>17,579,807</b>	16,006,330
	<hr/>	<hr/>
<b>Earnings per share (pence)</b>		
Basic	<b>33.4</b>	19.3
Diluted	<b>33.2</b>	19.2
Adjusted	<b>35.9</b>	22.3
Adjusted diluted	<b>35.7</b>	22.2
	<hr/>	<hr/>

## 6. Dividends

	<b>2009</b>	2008
	<b>£000</b>	£000
Declared and paid during the year:		
Final dividend for 2008: 4 pence per share (2007): : 2 pence per share)	<b>698</b>	306
Interim dividend for 2009: 2.5 pence per share (2008: : 2 pence per share)	<b>441</b>	346
	<b>1,139</b>	652
	<hr/>	<hr/>
Proposed for approval at AGM (not recognised as liability at 31 March)		
Final dividend for 2009: 6 pence per share (2008: 4 pence per share)	<b>1,058</b>	691
	<hr/>	<hr/>
Total payable in respect of the year	8.5 pence	6.0 pence

## 7. Nature of financial information

The Preliminary Announcement set out above is an extract from the forthcoming Annual Report and Accounts and does not represent statutory accounts for ACM Shipping Group plc or for any of the entities comprising the ACM Shipping Group. The statutory accounts of ACM Shipping Group plc in respect of the period ending 31 March 2009 will be delivered to the Registrars of Companies following the Company's Annual General Meeting.

It is anticipated that the Annual Report and Accounts will be circulated to shareholders of ACM Shipping Group plc before the end of July.

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**- Ends -**