



Press Release

24 June 2010

ACM Shipping Group plc

("ACM" or the "Group")

Preliminary Results

ACM Shipping Group plc (AIM:ACMG), a leading international shipbroker, today announces its preliminary results for the year ended 31 March 2010.

Summary

- Total revenue moderately ahead of management expectations at US\$41.1 million (2009: US\$50.9 million), down 19%, due to market conditions
- Profit before amortisation and taxation down 24% to £6.6 million (2009: £8.7 million)
- Basic and adjusted EPS down 27%
- Final dividend of 6.75 pence per share, making 9.5 pence per share for year up 12% (2009: 8.5 pence per share)
- Strong cash position of £4.3 million and no debt
- 9% increase in the number of spot fixtures contracted during the period on organic business
- Overseas offices performing well, in particular Singapore and Beijing
- Time charter forward order book at US\$18 million (2009: US\$25 million), due to market uncertainty; however market conditions improving

Since period end

In line with the Group's stated strategy to become an integrated shipbroking service provider, it is enhancing its offering and diversifying into the dry cargo market worldwide. The Group has recently set up a new venture in London and on 24 June 2010 it acquired Endeavour Shipbrokers Pty Limited ("Endeavour") for AU\$10 million (£5.8 million).

Commenting on the results, Johnny Plumbe, Chief Executive of ACM Shipping Group plc, said: "Against a difficult economic backdrop, we are pleased to be able to report that revenue and profit for the year were ahead of management expectations. Our strong cash position has enabled us to increase our dividend by 12%.

“Demand for oil is growing and is returning to levels of two years ago, and the start to the new financial year has been encouraging. We are seeing the market activity increasing, and ACM is well positioned to capitalise on the upturn, through our expanding global infrastructure, and significant expertise in the sector.

“We have entered the dry cargo market and today’s acquisition, together with our recently set up dry cargo venture in London, is a positive step to the Group’s strategy going forward, as it continues to build an integrated shipbroking service provider, and strengthens our offering to new and existing clients. We are excited about this diversification which the Board is confident will enhance our financial performance in the medium and long term.”

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Chairman's Statement

Despite the challenging conditions in the broader market, ACM has continued to make excellent progress. The Group's move into the dry cargo sector is a significant step towards achieving our strategic aim of becoming an integrated shipbroking service provider.

Results

Although below last year's record results, Group revenue was US\$41.1 million (2009: US\$50.9 million) and profit was £6.6 million (2009: £8.7 million), ahead of management expectations. This is a robust outcome given the market conditions in the shipping sector over the last year.

ACM remains highly cash generative, and the Group has a strong balance sheet with net assets of £13.3 million (2009: £12.2 million), and net cash of £4.3 million.

Dividend

ACM continues to provide shareholders with a progressive dividend. The Directors are recommending a final dividend of 6.75 pence per share in respect of the year to 31 March 2010. This makes a total of 9.5 pence per share for the year which is a 12% increase on the 8.5 pence per share paid for the previous year. The final dividend is payable on 8 October 2010 to shareholders on the register as at 10 September 2010. The dividend for the year is covered more than two and a half 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. By building on the Group's expertise and significant infrastructure, ACM is working towards its stated strategy to become an integrated shipbroking service provider. This is being achieved both organically and through acquisition.

In terms of entering new shipping sectors, the Group today announces its expansion into dry cargo. ACM continues to expand its global team, with offices in London, Singapore, Mumbai, Shanghai now being added to by Melbourne and Sydney.

Expansion into Dry Cargo

In line with the Group's stated strategy to expand its brokerage services geographically and across shipping sectors to become an integrated shipbroking service provider, ACM today announces that it has acquired the business of Endeavour Shipbrokers Pty Limited ("Endeavour"), a dry cargo shipbroker operating in Australia and the Far East. This acquisition diversifies ACM's earnings and builds on the Group's significant expertise in shipbroking. The acquisition is expected to become earnings enhancing within the first year.

This acquisition is highly complementary to the dry cargo venture which ACM recently started in London. This will dovetail with the acquisition to enable the Group to penetrate the dry cargo market worldwide.

These developments demonstrate significant progress on ACM's stated strategy, and both the acquisition and the joint venture provide ACM with both additional geographic reach as well as broadening the Group's offering within the shipbroking market.

Employees

ACM continues to recognise that the Group's strength lies in its brokers and support staff. Through our expansion into the dry cargo market announced today, ACM is further expanding the team and the Board continues to be dedicated to ensuring that the broking desks are fully integrated and that the brokers across the Group are working together. The Board would like to thank all brokers and support staff for their contributions to another year of significant achievement.

Current trading

Trading across the Group is increasingly robust as the market improves. ACM's global offices are performing well, and the Board looks forward to the integration of Endeavour to further broaden the Group's offering. Despite the challenging period that the sector has experienced, the Group is ideally positioned to capitalise on the upturn in the market. With global oil demand regaining strength, and tanker demand increasing, particularly in the Far East, the prospects for ACM remain strong.

Peter Sechiari

Chairman

24 June 2010

Chief Executive's Review

During what has been a challenging period for the market globally, ACM has continued to deliver results, and has today been further strengthened by our acquisition of Endeavour. The Board had identified the opportunity in the market to become an integrated provider of shipbroking services, and with this acquisition and our new dry cargo team in London, the Group has made a significant step towards achieving this goal.

Spot brokerage

The spot brokerage desk, which involves the hire of a ship for a single voyage, accounted for 42% of revenues this year. ACM has continued to improve the level of spot fixtures and this is reflected in both Group revenue and profit which are above management forecasts. Overall, there has been a 9% increase in the number of spot fixtures contracted during the period. The average freight income per fixture fell by 42% due to market conditions.

Time charter

The time charter business, which involves the long term hire of tankers, produced a steady amount of revenue during the period.

The Group's long-term order book is currently at a lower level at US\$18 million than at 31 March 2009. This is due, in part, to the uncertainty in the broader market, which has led to a reluctance for owners, oil companies and oil traders to take on long-term commitments on ships. However, confidence in the market is now improving.

Sale and purchase

The sale and purchase business, which involves the sale and purchase of new and older ships, achieved modest growth during the period. The volume of transactions particularly increased in the second half, partly due to asset prices increasing. This market is showing further signs of improved performance, and ACM is well positioned as one of the leading brokers in this sector with its strong team.

Overseas operations

Central to ACM's offering to its clients is the Group's ability to provide global shipbroking services from its offices in key geographic locations; local teams with significant expertise, supported by global infrastructure, are one of the Group's strengths.

The Group's overseas operations are starting to gain momentum, with Singapore having been particularly successful during the period. The Beijing office has successfully been put on the panel as brokers of some large Chinese oil companies while the prospects for Shanghai are good with remarkably high levels of new building occurring particularly in the Chinese yards. The office in India which is also in its infancy, showed a modest contribution for the year.

Diversification

By diversifying the Group's earnings and moving into dry cargo, ACM is building on the global infrastructure that it has established since its inception, and starting to use its shipbroking expertise to work with all sizes of bulk dry cargo ships.

The acquisition of Endeavour diversifies and enhances the Group's income, and combined with ACM's infrastructure and expertise will create an integrated shipbroking services company. Endeavour is based in Melbourne and Sydney, Australia and has connections throughout the Asia Pacific region, and is an excellent fit for our business in terms of geographic reach. It is particularly pleasing to have already secured interest from existing clients in this market.

The Group's entry into the dry cargo market is further driven by setting up a new subsidiary and starting to build a team of brokers in London. This venture is initially 60% owned by ACM with the other 40% owned by brokers directly involved in developing this part of the business. ACM has an option to purchase the minority interest at any time after April 2012. This is an important step forward for the future of the business, as ACM's move into dry cargo is an important investment in the Group's future. Whilst the venture will be loss making for a period of time, this will be offset by the contribution of Endeavour, and importantly is an investment in the future of the Group. The Board believes that the dry cargo market is a significant opportunity to diversify within our field of expertise as shipbrokers, putting ACM in an even stronger position.

Gas shipbroking is going according to management strategy, with the Group concentrating on LPG. The gas broking team has now been expanded into our Singapore office.

Financial derivatives

The Group's joint venture with GFI Group, Inc. to conduct derivative brokerage had another good year despite difficult market conditions. The JV continued to increase its customer base and increase in the volume of deals completed. This venture adds significant value to ACM and its clients.

The market

ACM's expansion into the dry cargo market is a significant step for the Group, and builds on our expertise in the wet tanker market, creating an integrated shipbroking services business. This also comes at a time when the global demand for oil is regaining its strength with global oil demand forecasts back to pre recession peaks.

Tanker demand has made a remarkable comeback since global oil demand bottomed out in early 2009, thanks in large part to a significant jump in Chinese crude oil imports. Rapid Asian economic growth over the past year has driven a recovery in global oil demand that is now expected to average 86.4 million barrels per day (Source: IEA) – nearly 1.7% higher than last year. The recession encouraged an acceleration in the rate at which older vessels are removed from the active fleet and it has tempered the rate at which newbuildings deliver from the yards. Overall this has left tanker supply in a much healthier position going into 2011 than previously expected.

Outlook

The Group's forward order book is solid, although it is not at the same levels as at the end of 2009. This is in part a result of the broader market conditions. The team is being strengthened from internal resources, and as market sentiment improves the Board is confident that the order book will be positive going forward.

ACM has built the right infrastructure for its global operations, and is in a strong position for the opportunities that are presenting themselves now, as well as for the future for the industry. The market is starting to recover in the tanker and dry cargo business, with big ships earning more than predicted, and in particular the sale and purchase business shows further signs of increased volumes. ACM is well positioned for this upturn, with its strong team with an established list of clients, and the Board will continue to seek opportunities for further growth geographically, both organically and acquisitively. Having maintained its market leading position during this challenging period, the Group is ready to capitalise on the improvements in the market.

Johnny Plumbe

Chief Executive

24 June 2010

Financial review

Profit and earnings

Adjusted profit before tax and amortisation for the year was £6.6 million. Although this represents a decrease of 24% from the previous year, it is the second best result in our history and the Board considers this to be a good performance in the prevailing market conditions.

Profit before taxation for the year was £6.2 million (2009: £8.1 million) after charging amortisation of £0.4 million (2009: £0.6 million).

Revenue fell 14% but this was partly offset by administrative overheads being 10% lower. The lower administrative expenses were mainly due to lower bonuses paid to brokers as a result of the lower profit.

Basic earnings per share ("EPS") decreased 27% to 24.5 pence from 33.4 pence with adjusted EPS down from 35.9 pence to 26.3 pence. On a diluted basis, EPS also decreased by 27 % to 24.4 pence (26.1 pence adjusted.)

The effective taxation rate was 30.3% (2009: 28.0%). In 2009 it was lower than usual due to utilisation of overseas tax losses.

Foreign exchange

The bulk of the Group's income is denominated in US dollars. The average effective exchange rate for the 2009/2010 year was US\$1.59 compared with US\$1.67 for the previous year, while the rate at 31 March 2010 was US\$1.52 compared with US\$1.43 at 31 March 2009. The overall effect of the change in exchange rates was to increase revenue by £1.5 million and profit before taxation by £0.6 million. At the year end, the Group had forward currency contract to sell US\$9.0 million at an average exchange rate of US\$1.60 to £1.

Dividends

The Directors are recommending a final dividend of 6.75 pence per share in respect of the year ended 31 March 2010 with a total cost of £1,160,000. Together with an interim dividend of 2.75 pence paid during the year, the total dividend in respect of the year would be 9.5 pence with a total cost of £1,633,000. The total dividend of 9.5 pence is 12% higher than the previous year full dividend of 8.5 pence per share and is covered 2.8 times by the adjusted earnings per share.

Cash flow

One of the key attributes of the Group is its cash generative nature. Cash generated from operating activities at £2.6 million (2009: £9.0 million) was relatively low due to the timing of bonus payments. This inflow excludes a further £1.6 million (2009: £1.5 million) received from joint ventures. The cash balance at the year end was £4.3 million (2009: £4.9 million) after having utilised £1.0 million of cash to purchase shares for the Employee Share Option Plan.

Balance sheet

The value of net assets at the balance sheet date was £13.3 million (2009: £12.2 million).

Included within non-current assets is £10.2 million (2009: £10.6 million) for intangible assets which resulted from acquisitions.

The pension deficit for the defined benefit scheme has increased to £2.1 million from £1.2 million. The increase is primarily due to corporate bond yields falling. A deferred tax asset of £0.6 million (2009: £0.3 million) exists as a result of this liability. This scheme is closed to new members. On the back of a full actuarial valuation as at 31 March 2008 the Group has agreed to make additional contributions of £300,000 per annum to the pension scheme. The calculation of the deficit as at 31 March 2010 does not affect this funding plan.

Trade and other payables have decreased by approximately £3.0 million. The majority of this relates to a lower bonus accrual at the year end which is partly due to timing of bonus payments and partly due to lower bonuses due on the lower level of profitability.

During the year the Group acquired 500,000 of its own shares through its Employee Share Option Plan. The cost of this was £1.0 million and is shown on the balance sheet as an ESOP reserve as a deduction from equity.

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 2010 the Group had forward foreign exchange contracts in place to sell US\$9.0 million (2009: US\$9.0 million) at an average rate of US\$1.60 (2008: US\$1.48) 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 2010

Consolidated income statement

Year ended 31 March 2010

	Note	2010	2009
		£'000	£'000
Revenue	2	25,852	30,143
Administrative expenses		(20,547)	(22,907)
Amortisation of intangible assets		(436)	(606)
		<hr/>	
		4,869	6,630
Share of operating profit in joint venture	3	1,325	1,490
Operating profit		<hr/> 6,194	8,120
Net interest		(27)	(5)
Profit before taxation		<hr/> 6,167	8,115
Taxation		<hr/> 1,870	2,275
Profit for the year		<hr/> 4,297	<hr/> 5,840

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

Earnings per share	4		
Basic		24.5p	33.4p
Fully diluted		24.4p	33.2p

Group statement of comprehensive income
Year ended 31 March 2010

	2010	2009
	£'000	£'000
Profit for the year	4,297	5,840
Actuarial (loss)/gain in respect of defined benefit pension scheme	(1,264)	(652)
Deferred tax in respect of defined benefit pension scheme	354	183
Exchange differences on translation of foreign operations	50	(100)
Currency reserve	(155)	9
Deferred tax on currency reserve	41	-
	<hr/>	<hr/>
Total comprehensive income	3,323	5,280

**Consolidated balance sheet
As at 31 March 2010**

	2010	2009
	£'000	£'000
Non-current assets		
Property and equipment	393	550
Intangible assets	10,183	10,619
Investments	1,208	1,493
Deferred tax asset	598	338
	<hr/> 12,382	13,000
Current assets		
Trade and other receivables	5,850	5,997
Cash and cash equivalents	4,266	4,935
	<hr/> 10,116	10,932
TOTAL ASSETS	<hr/> 22,498	<hr/> 23,932
Current liabilities		
Trade and other payables	(6,046)	(9,014)
Current tax payable	(1,014)	(1,317)
	<hr/> (7,060)	<hr/> (10,331)
Non-current liabilities		
Deferred tax liabilities	-	(208)
Pension liability	(2,089)	(1,206)
	<hr/> (2,089)	<hr/> (1,414)
TOTAL LIABILITIES	<hr/> (9,149)	<hr/> (11,745)
NET ASSETS	<hr/> 13,349	<hr/> 12,187
Capital and reserves		
Share capital	177	176
Share premium account	3,730	3,730
ESOP reserve	(1,025)	-
Retained earnings	10,125	8,219
Other reserves	342	62
	<hr/> 13,349	<hr/> 12,187
TOTAL EQUITY	<hr/> 13,349	<hr/> 12,187

Group cash flow statement
Year ended 31 March 2010

	2010	2009
	£'000	£'000
Profit before taxation	6,167	8,115
Depreciation	227	228
Interest	27	5
Share of operating profit in joint venture	(1,325)	(1,490)
Amortisation of intangibles	436	606
Share based payments	394	178
Operating cash flow before changes in working capital and provisions	5,926	7,642
Decrease/(increase) in debtors	148	(2,018)
Increase/(decrease) in creditors	(3,073)	3,831
Provision for pension scheme costs	76	228
Pension scheme contributions paid	(510)	(695)
Cash generated from operating activities	2,567	8,988
Taxation paid	(2,247)	(2,137)
Net cash from operating activities	320	6,851
Cash flows from investing activities		
Purchase of property and equipment	(70)	(267)
Investment	-	(44)
Acquisition of subsidiary, net of cash acquired	-	(3,017)
Acquisition of business	-	(2,538)
Dividends received from associates	-	78
Amounts received from joint venture	1,610	1,472
Interest	26	(29)
Net cash from in investing activities	1,566	(4,345)
Cash flows from financing activities		
Dividends paid	(1,531)	(1,139)
Shares acquired for ESOP	(1,025)	-
Issue of new shares, less share issue costs	1	3
Net cash used in financing activities	(2,555)	(1,136)
Net increase/(decrease) in cash and cash equivalents	(669)	1,370
Cash and cash equivalents at the beginning of the year	4,935	3,565
Cash and cash equivalents at the end of the year	4,266	4,935

1. Accounting policies

Basis of consolidation

These financial statements have been prepared in accordance with the Companies Act and those EU endorsed IFRS and IFRIC interpretations issued and effective or issued and early adopted at the time of preparing these statements (June 2010). 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 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:

	2010 £'000	2009 £'000
Spot brokerage	10,997	15,750
Time charter	8,073	8,339
Demurrage	1,419	1,103
Sale and purchase	5,363	4,951
	25,852	30,143

3. Joint venture

	2010 £'000	2009 £'000
Share of operating profit of joint venture	1,325	1,490

The Group has a 50% interest with GFI Brokers Limited in an unincorporated joint venture, which provides a market for derivative products within the oil freight business.

4. 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.

	2010 £'000	2009 £'000
Earnings		
Earnings for the year	4,297	5,840
Adjust for amortisation of intangibles	436	606
Adjust for deferred taxation impact of amortisation of intangibles	(122)	(170)
Earnings for adjusted EPS	4,611	6,276
Number of shares	Number	Number
Weighted average number of shares	17,540,144	17,463,980
Dilution effect of share plans	103,898	115,827
Diluted weighted average number of shares	17,644,042	17,579,807

Earnings per share (pence)

Basic	24.5	33.4
Diluted	24.4	33.2
Adjusted	26.3	35.9
Adjusted diluted	26.1	35.7

The weighted average number of shares excludes those held by Employee Share Ownership Plan (ESOP).

5. Dividends

	2010	2009
	£000	£000
Declared and paid during the year:		
Final dividend for 2009: 6 pence per share (2008: 4 pence per share)	1,058	698
Interim dividend for 2010: 2.75 pence per share (2009: 2.5 pence per share)	473	441
	1,531	1,139
Proposed for approval at AGM (not recognised as liability at 31 March)		
Final dividend for 2010: 6.75 pence per share (2009: 6.0 pence per share)	1,160	1,058
Total payable in respect of the year	9.5 pence	8.5 pence

6. 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 2010 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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