

Braemar Seascop Group plc
Annual Report 2003



Shipping services on a global scale

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Financial Highlights

Results for the year ended 28 February 2003

- Turnover up to £26.9m (2002: £25.4m)
- Pre-tax profit before goodwill and exceptionals £4.0m (2002: £3.4m)
- Pre-tax profit £3.5m (2002: £3.3m loss)
- Adjusted EPS before goodwill and exceptionals 14.43p (2002: 15.43p)
- Basic EPS 10.36p (2002: 27.45p loss)
- Final dividend 7.00p per share, full year 12.00p (2002: 12.00p)
- New office in Shanghai opened

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Braemar SeascopE provides specialist shipbroking and marine technical consultancy services to international ship owners and charterers.

- Braemar SeascopE Group plc is a leading integrated provider of broking and consultancy services to the shipping industry, with more than 130 staff in central London.
- Braemar SeascopE is a global market leader in sale and purchase business.
- Braemar SeascopE's range of services and revenue streams allows the company to compensate for any weaknesses in one particular market with strength in another.
- With its highly experienced teams of specialists, Braemar SeascopE provides professional standards, quality and ethics, and places great emphasis on its relationships with its clients.

Markets in which the Group operates are:

CHARTERING

- > Crude oil and clean petroleum products
- > Gas
- > Chemicals
- > Specialist small tankers
- > Dry cargo
- > Containers

SALE AND PURCHASE

- > New-building
- > Second-hand
- > Demolition
- > Valuations
- > Ship finance
- > Consultancy

WAVESPEC

- > A shipping technical services consultancy

OFFSHORE

- > Chartering
- > Sale and purchase
- > New-building
- > Special projects

RESEARCH

Chairman's Statement

"WE ARE NOW seeing the value of being a broadly-based shipping services group, offering services to a wide variety of clients across the globe."

Sir Graham Hearne Chairman

This is the first full year of operation since the businesses of Seascope, Braemar Shipbrokers and Braemar Tankers were merged in 2001 to create the broadly-based shipping services group on which we are now reporting. The process of integrating the businesses has now largely been completed and the benefits we anticipated have begun to bear fruit. The strength of the respective brand names has been retained and during the year the Group changed its name to Braemar Seascope Group plc.

The overall result for 2002-3 demonstrates the new Group's breadth and resilience in what for much of the year was a weak shipping market. Tanker chartering rates for much of the year were at a ten-year low. But since November 2002 rates increased substantially, driven in particular by the threat of war in the Middle East and the closure of oil supply from Venezuela. Dry Cargo rates suffered similarly until September 2002 since when there has been a strong progressive upturn. The level of the Group's activity in the Sale and Purchase and Offshore markets was high and both areas contributed strongly.

Revenue for the year was £26.9m (2002: £25.4m) and profit before tax (before goodwill amortisation and exceptional items) was £4.0m compared with £3.4m in the prior period. Profit before tax was £3.5m (2002: £3.3m loss). The results for the period ended 28 February 2002 comprise a 14 month contribution from Seascope, a 12 month contribution from Braemar Shipbrokers and a 4 month contribution from Braemar Tankers and are therefore not strictly comparable. Adjusted earnings per share (before

exceptionals and amortisation) were 14.43 pence (2002: 15.43p) and basic earnings per share were 10.36 pence (27.24p loss).

The Board is recommending a final dividend of 7.0 pence per ordinary share, which together with the 5 pence interim dividend takes the total dividend for the year to 12 pence (2002: 12 pence).

As anticipated, in the aftermath of the war in Iraq and the resumption of oil exports from Venezuela we have witnessed a noticeable softening of tanker freight rates. This trend is likely to continue while consuming nations use up extra stocks, built up in the preceding months as protection against supply interruptions, which in the event did not materialise. The duration of this downturn will depend to some extent on the rate of progress in the major world economies, particularly in the US and Asia, and this in turn will be influenced by cheaper oil prices, which have fallen significantly since the end of hostilities. Although there are a substantial number of new-build deliveries this year, the impact of these may be partly counter balanced by ever growing political pressure from the world's industrialised countries for an accelerated phase out of single hull tankers.

The recovery in the Dry Cargo market has continued and freight rates are now at their highest level for many years with the outlook remaining positive. The Container market is also enjoying sustained strength.

The early months of 2003 have seen some slow down in our second-hand Sale and Purchase activity though this has been compensated for by increased New-building activity which will augur well for earnings over the course of the next two years.

Despite the current low day rates in Offshore's market, the prospects for longer term and project business remain promising. The recent modest growth in Wavespec's activity level is expected to continue in the forthcoming year related to their new-build project supervision.

Sir Peter Cazalet was Chairman of the Board until his retirement in November 2002 and presided over the merger of Seascope with Braemar Shipbrokers and Braemar Tankers. Under his leadership the Group has gained in both market position and financial strength and is now well placed to expand its services to its international client base. His contribution both as Chairman and as non-executive director has been outstanding and we thank him for it.

I am delighted to have taken over as Chairman at a time when the company faces many exciting opportunities. I am also delighted to be joined on the Board by two new colleagues: John Denholm joined the Board as non-executive director on 26 July 2002 and James Kidwell joined the Board as Finance Director and Company Secretary on 1 August 2002, replacing Derek Walter, whose own contribution to the Group over the past two years is warmly acknowledged.

The Directors are committed to extending ownership of the Company's shares to its employees, and to help facilitate this, wish to introduce a save-as-you-earn scheme ("Sharesave Scheme"). If the proposal is accepted, the Sharesave Scheme will be the first employees share scheme which the Company has adopted. It will be operated on an all-employee basis, enabling the majority of employees the opportunity to acquire shares in the Company in a tax-efficient manner.

The process of integrating three service businesses to form a single cohesive whole while at the same time maintaining business momentum in a competitive marketplace is not an easy one. That we were successful in achieving it and delivering the present results owes much to the enthusiasm and hard work of the management and staff at all levels. I would like to express the Board's gratitude for their efforts.

CHARTERING

The company acts for owners and charterers, for both spot (single voyage) and time charter business, across the crude oil, clean petroleum products, gas, chemicals, specialised tankers and container markets.

Left: A tanker operating in European waters and fixed via Braemar Seascopes for the carriage of Chemicals on behalf of major producers.

Below: **Southern Explorer**
The 177,493 DWT Capesize bulker "Southern Explorer" – for which the Dry Cargo division arranged a four-year time charter from June 2002, one month after the ship was delivered.

Left: **Jahre Viking**
The "Jahre Viking", the world's largest tanker, was fixed by Braemar Seascopes' Crude spot desk to load a cargo of about 550,000 tons in Saudi Arabia for delivery to the United States.

Chief Executive's Operational & Financial Review

"WE ARE ENCOURAGED by the activity of our new container team and our first wholly-owned overseas office which was opened in Shanghai."

Alan Marsh Chief Executive

During a year which saw both extreme highs and lows across many sectors of the shipping market the company's overall performance was pleasing, reflecting the wide variety in its operations, skills and client base.

One of the key strengths of the recent mergers was the balance they provided across our portfolio of activities. Increasingly we are able to use knowledge and skills gained in one market sector to develop business in another, and we are continuing to seek new ways to maintain an innovative service for our clients.

The new Container team joined in January 2003, operating through our 50 per cent joint venture company, Braemar Container Shipping and Chartering Limited. It has made an immediate impact, which we expect to bear further fruit in the forthcoming year.

We opened our first wholly-owned overseas office in Shanghai in mid February 2003, which is already generating new business for the group. China has become a location of critical importance to shipping and we hope to grow our presence in this market.

We have also announced two new appointments: Quentin Soanes as Head of Business Development and Colin Cridland as Head of Research, both of which are significant steps in further developing the business and the services we offer.

Chartering

For the majority of the year, the sluggish world economies and a steady flow of new-building deliveries into the market resulted in weak demand and excess tonnage, which combined to ensure that freight rates were extremely low. However, a combination of factors, starting in October 2002, caused the tanker freight rates to increase substantially. Firstly, the sinking of the 26 year old tanker, *Prestige*, brought renewed calls for the early phase-out of single hulled ships. European authorities joined in a clamour for a 'double hull only' policy, and several countries imposed their own bans on single hulls. Secondly, the threat of war in the Middle East increased demand for crude oil and refined products, as consumers sought to build stocks to cushion against possible supply disruptions. Finally, a general strike in Venezuela crippled its oil industry and halted exports. The USA, which depends on Venezuela for around 15 per cent of its oil imports, had to seek alternative supplies from sources much further afield, and this required significantly more tanker tonnage to service the extra ton-miles involved.

The combined effect of these three factors drove freight rates sharply higher for all size categories and, despite some fluctuations, the market remained strong throughout the first calendar quarter of 2003. In its 2002-3 financial year the company's earnings benefited for three months from higher

crude tanker market rates due to the lag between arranging the charter and invoicing (on completion of discharge).

Specialist tankers saw some of the lowest rates for at least a decade in the summer of 2002, but more recently the high oil price brought about increased rates and activity as refiners' margins improve and they seek to increase productivity. Chemicals, Specialized tankers and Gas also experienced variable markets, performing better in the second half of the year. New long-term contractual business, where we were appointed to act for major oil and commodity groups, will assist both Chemicals and Gas in 2003.

Dry cargo rates for much of the year were low, but in recent months there has been a strong recovery particularly in the Far East, driven mainly by the trade and production in China. Our Dry Cargo activity represents a small proportion of our overall business mix, but we expect it to provide an improved result in the coming year.

Sale and Purchase

The three sections of the activity – New-building, Second-Hand sale and purchase and Demolition – all performed well in the year. Second-hand prices were declining at the beginning of the year but values were underpinned by the improvement in freight rates towards the end of the year. The number of transactions concluded remained steady, although in the first half second-hand business was prevalent while at the end of the year activity was more biased towards new-building. The new-building forward book increased quite significantly over the course of the year which will benefit income in the next two to three years.

SALE AND PURCHASE

The company is a worldwide market leader in the provision of ship sale and purchase services across the newbuilding, second-hand and demolition markets.

Left: **Diamond 53 Ship Plan**

Braemar Seascope have been appointed exclusive brokers for the marketing of the new Diamond 53 series double-hull bulkers on behalf of a design consortium led by Graig Shipping. Contracts have already been executed for ten vessels.

Below: **Joint naming ceremony of Mt Goldmar and Mt Rosemar**

Mt Goldmar – one of two vessels originally ordered for LMZ Transoil at Daewoo via Braemar Seascope and resold again via Braemar Seascope to Stelmar. We have now been involved in assisting LMZ Trransoil to place a further two units.

Mt Rosemar – last in a series of four units ordered by Stelmar at Daewoo also via Braemar Seascope. That series has now been extended by a further five units.

Left: **Fernando Tapias**

The LNG carrier "Fernando Tapias", delivered in October 2002, from Daewoo Heavy Industries. Braemar Seascope assisted in placing this contract.

"THE COMPANY enjoyed a high level of conversion of profits into cash which enabled it to reduce net indebtedness."

Offshore

The North Sea saw less activity and lower day rates throughout most of 2002, despite a strong oil price. Exploration activity was low, with oil companies discouraged by the UK Government's windfall tax levy, a significant disappointment to the industry. Offshore's overall results were good, enhanced by significant project business concluded in the year.

Wavespec

The shipping technical consultancy business holds a pre-eminent position in the understanding of current LNG technology whilst it continues to build on its on-going relationships with oil majors and tanker owner/operators. Both turnover and profits grew in the year and margins improved as the mix of business moved towards turnkey project and engineering work and away from the supply of specialist personnel and consultants.

Financial

Set out in the table below is a reconciliation of adjusted pre-tax profit to reported pre-tax profit.

Operating profits before exceptional items and goodwill improved from £3.7m in 2002 to £4.4m, whilst the operating margin was 16.2 per cent in 2003 compared with 14.6 per cent in 2002, reflecting the growth in sales and improved cost efficiency following the changes in the composition of the Group in the 2002 financial period. Operating profits were £3.8m (2002: Operating loss £3.0m).

The majority of the Company's income is US\$ denominated and the average rate of exchange for conversion of US\$ income in the year was \$1.45/£. The majority of the expected US\$ receipts for the forthcoming year to 28 February 2004 have been locked in using forward contracts at an average rate of US\$1.52/£.

The Company does not have an actuarial pension scheme exposure under FRS17 as all of its pension arrangements are of a defined contribution nature.

Exceptional items in 2003 were in respect of the successful outcome of litigation (£254k) and the partial reversal of the vacant space provision in relation to the former Seascope offices (£225k).

The tax rate on profits before exceptional income and non-deductible goodwill amortisation was 39% (2002: 38%). The tax rate is higher than the standard rate of UK tax because of the impact of disallowable trading expenses. After exceptional income and goodwill the tax rate was 49%.

Net debt fell to £2.5m at 28 February 2003 (2002: £3.1m). Underlying operating cash flow was £5.0m (2002: £4.1m), calculated before movements in client commissions, tax and dividend payments. Net cash flow from operating activities was £4.3m (2002: £5.4m).

The proposed final dividend of 7 pence per ordinary share, at a cost of £1,198k, will be paid on 31 July 2003 to shareholders on the register at the close of business on 4 July 2003. Together with the 5p interim dividend the Company's dividend for the year is 12 pence at a cost of £2,054k. The dividend is covered 1.2 times by earnings before exceptional income and goodwill.

Reconciliation of adjusted pre-tax profit to reported pre-tax profit

£'000	Year to 28 Feb 2003	Period to 28 Feb 2002
Adjusted pre-tax profit	4,030	3,387
Goodwill amortisation and impairment	(1,034)	(3,403)
Exceptional income/(cost)	479	(3,310)
Reported pre-tax profit/(loss)	3,475	(3,326)

WAVESPEC AND OFFSHORE

Wavespec holds a pre-eminent position in the supervision of LNG vessel construction. Our Offshore teams are active worldwide in chartering, sale & purchase and special projects.

Left: **Stirling Islay**
Our Offshore team arranged the sale of the anchor handling tug supply vessel "Stirling Islay" and a sister ship during 2002.

Below: **Internal view of an LNG tank**
which will carry liquid gas at -163°C . Supervision of construction was carried out by Wavespec at Daewoo Shipbuilding and Marine Engineering in Okpo South Korea.

Left: **The "Glomar Explorer"**
A dynamically positioned drill ship, owned and operated by Global Marine Drilling Company. Wavespec carried out a study on the ballast system prior to it being positioned in Canadian waters.

Report of the Directors for the year ended 28 February 2003

The Directors submit their report and the audited accounts for the year ended 28 February 2003.

Principal activities

The Company, through its operating subsidiaries, offers a combination of specialised broking and other support services to the shipowning, shipbuilding and oil industries.

Review of business

A review of the Group's activities and future prospects is contained in the Chairman's Statement on page 4 and in the Chief Executive's Operating and Financial Review on pages 6-8.

Results and dividends

The Group profit before taxation for the year amounted to £3,475k (2002 loss for 14 months: £3,326k). Details of the results are set out in the consolidated profit and loss account on page 19 and in the related notes.

Details of dividends paid during the period are set out in note 7 to the Accounts. The Directors are recommending the payment of a final dividend of £0.07p per share on 31 July 2003 to shareholders on the register at the close of business on 4 July 2003.

Directors

The Directors of the Company at the date of this report and those who served as Directors at any time during the year ended 28 February 2003 are listed below.

Non-executive Directors

Sir Graham Hearne (65) Chairman from 26/11/02

A qualified solicitor, he was formerly chairman of Enterprise Oil plc. He is non-executive chairman of Novar plc and Catlin Westgen Group Limited, non-executive deputy Chairman of the Gallaher Group PLC and non-executive director to N M Rothschild & Sons Ltd.

Sir Peter Cazalet (74) Chairman to 25/11/02

Was chairman of APV and deputy chairman of GKN and for 19 years was a non-executive director of Peninsular and Oriental Steam Navigation Company. Prior to that he spent 32 years with British Petroleum Company plc, becoming a managing director and deputy chairman. He was for 20 years a member of the General Committee, Lloyds Register of Shipping. He retired from the Board on 25 November 2002.

R.D. Agutter (61) – Appointed 06/11/01

A qualified chartered accountant, he was a senior corporate finance partner in KPMG, a firm of public accountants.

J.S. Denholm (47) – Appointed 26/07/02

A qualified chartered accountant, he is Chairman of J&J Denholm Limited and the Anglo Eastern Management Group Limited. His other directorships include the Baltic International Maritime Council, Murray Emerging Growth & Income Trust Plc and The Chamber of Shipping Limited.

Executive Directors

A.R.W. Marsh (53) Chief Executive

Joined H. Clarkson & Co as a broker in 1968. He was appointed to their board in 1977. He was a founder member of Braemar Shipbrokers Limited in 1983, initially being that company's managing director and in 1991 he became that company's chairman. He is a Fellow of the Institute of Chartered Shipbrokers.

J.R.V. Kidwell (41) Finance Director – Appointed 01/08/02

Qualified as a chartered accountant with Price Waterhouse in 1989. He worked in a number of financial roles for Carlton Communications PLC between 1989 and 2001, leaving as Group Financial Controller. Finance Director of Boosey & Hawkes Music Publishers Limited in 2002.

I.M. Shaw (56)

Was a broker with Galbraith Wrightson Limited from 1967 joining Seascope as a director in 1972. He was appointed to the Board at the time of the management buy-out in 1988. He is also Chairman of The London Tanker Brokers Panel and Chairman of the Worldscales Association (London) Limited.

D.E.P. Walter (55)

A qualified chartered accountant and previous finance director of Steetley plc (1990-1992) and Scapa Group Plc (1993-1999). Finance Director until his departure on 31 July 2002.

The Directors' beneficial interests, including family interests in the shares of the Company at 28 February 2003 were as follows:

	28 Feb 2003		28 Feb 2002	
	Number of ordinary shares	Number of ordinary shares under option	Number of ordinary shares	Number of ordinary shares under option
R.D. Agutter	5,000	—	—	—
J.S. Denholm (appointed 26/07/02)	7,000	—	—*	—*
Sir Graham Hearne	2,500	—	2,500	—
J.R.V. Kidwell (appointed 01/08/02)	—	—	—*	—*
A.R.W. Marsh	901,986	—	881,486	—
I.M. Shaw	208,760	—	208,760	—

* appointed during current period

The Directors, in common with other employees of the Group also have an interest in 73,510 ordinary 10p shares, held by Close Trustees Guernsey Limited on behalf of the Employees Share Ownership Plan.

The Directors held no material interest in any contract of significance entered into by the Company or its subsidiaries during the period. There have been no changes in Directors' interests between 28 February 2003 and 16 May 2003.

Substantial shareholdings

The Directors have been notified or are aware of the following persons who directly or indirectly are interested in 3% or more of the issued ordinary share capital of the Company.

Directors	%
A.R.W. Marsh	5.25%
Others	%
Castle Trust and Management Services	8.18%
Q.B. Soanes	5.26%
Edinburgh Fund Managers	4.65%
S.F.P. Morecroft	3.93%
Framlington Investment Management Ltd	3.78%
R.L. North	3.40%
D.A. Petropoulos	3.27%
A.J. Miller	3.12%
P. Morrin	3.12%
R.K. Weaver	3.12%

Employee involvement

The Group keeps its employees informed of all matters affecting their interests through normal management channels. The involvement of employees in the Group's performance is encouraged where appropriate through participation in discretionary bonuses, performance-linked bonuses and share options that may be granted under an approved share option scheme.

Payments to suppliers

Group companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. The Company has no trade creditors.

The Euro

The Group currently conducts only a small part of its business in European currencies; however, it has reviewed its procedures and is confident that it will be ready to conduct business in the Euro should that become the currency of choice of its clients.

Donations

During the period the Group made charitable donations amounting to £1,796 (2002: £6,712). No political donations were made during the period.

Report of the Directors for the year ended 28 February 2003 continued

Statement of Directors' Responsibilities in Respect of the Accounts

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the Group for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

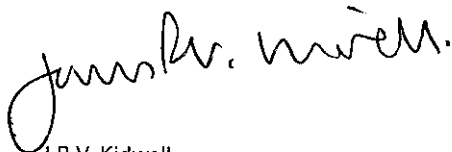
The Directors confirm that they have complied with the above requirements in preparing the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 January 2003, PricewaterhouseCoopers transferred all their business to a new entity, PricewaterhouseCoopers LLP. PricewaterhouseCoopers resigned on 28 February 2003 and the Directors appointed its successor PricewaterhouseCoopers LLP as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company and remuneration to be agreed by the Directors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



J.R.V. Kidwell
Secretary
16 May 2003

35 Cosway Street
London NW1 5BT

Corporate Governance for the year ended 28 February 2003

The Company is committed to attaining a high standard of Corporate Governance and compliance with the Combined Code (the "Code"), so far as is appropriate and practical to a Group of our size. The Board considers that the Company has complied with best practice as set out in the requirements of the Code. It is evaluating the new requirements proposed in the Higgs and Smith Reports, the majority of which the Company complies with.

The Board

The Board, which meets a minimum of six times a year, is responsible to shareholders for the effective direction and control of the Company. Key matters including Group strategy, the annual operating budgets, resource provision, choice of key corporate advisors and acquisitions and disposals are specifically reserved to the Board. All Directors are provided with appropriate and timely information and are properly briefed on Board issues and each, in the furtherance of his duties, may take independent professional advice if necessary, at the Company's expense. New and existing Directors are encouraged to attend appropriate training courses.

The Board includes three independent non-executive Directors, none of whom has fulfilled an executive role within the Company. The non-executive Directors are appointed for an initial three-year term serving under letters of engagement, which contain a formal one-month notice period. Sir Graham Hearne chairs the Board (from 26 November 2002) having taken over from Sir Peter Cazalet who retired as Chairman on 25 November 2002. Richard Agutter chairs the Audit Committee and John Denholm chairs the Remuneration Committee, having taken over from Sir Peter Cazalet on 26 November 2002. The executive Directors are engaged under service agreements, each of which can be terminated at 12 months' notice. The non-executive Directors serve as the Nomination Committee advising the Board on the appointment of new Directors. Non-executive Directors meet without the presence of executive Directors from time to time. The Board believes that its current composition is appropriate having regard to the Company's size and activities, and it also evaluates its own performance on a periodic basis. The Board considers the non-executive Chairman should be the principal point of contact for concerns of whatever nature to be conveyed, but that any of the other non-executive directors may also be contacted and the Board has therefore decided not to nominate separately a senior independent director.

The Board has agreed that all Directors, although not required to do so under the Company's articles of association, should in future submit themselves for regular re-election in accordance with the Code. Therefore, one Director will submit himself for re-election at the Company's Annual General Meeting, details of which are given in the notice for that meeting included in this Annual Report and Accounts. Biographical information on the Directors can be found on page 10 of this Annual Report and Accounts.

Board Committees

Membership of the Audit, Remuneration and Nominations Committee are as follows.

Audit Committee:

Non-executive Directors: Richard Agutter (Chairman), Sir Graham Hearne and John Denholm.

Although the Board as a whole has a statutory responsibility for the preparation and publication of the Company's accounts, the Audit Committee takes the lead in a number of important respects. It reviews the internal control procedures and risk assessment, plans with the external auditors the half-year review and full-year audit programme, reviews with the external auditors their audit findings and responses to the matters raised and makes recommendations on the appointment of the external auditors in respect of audit and non-audit services. As part of the annual audit programme the Committee discusses with the external auditors the nature, scope and results of the audit, as well as any problems or reservations the auditors may have. In addition, the Committee reviews the half-year and annual financial statements before they are submitted to the Board. In considering all the above, the Committee has due regard to the cost-effectiveness, independence and objectivity of the audit function. During the year ended 28 February 2003 the Audit Committee met twice and the meetings were attended by all of the then Committee members.

Remuneration Committee:

Non-executive Directors: John Denholm (Chairman from 26 November 2002), Sir Graham Hearne, and Richard Agutter.

A statement of remuneration policy and details of the remuneration of each Director are set out on pages 15-17 of the Remuneration Report and in note 9 to the Accounts.

Nominations Committee:

Non-executive Directors: Sir Graham Hearne (Chairman from 26 November 2002), Richard Agutter and John Denholm (from 26 July 2002).

The Nominations Committee keeps the balance of Board Membership under review and makes recommendations to the Board on the appointment of new Directors. For each new appointment the Nomination Committee considers, amongst other things, the appropriateness of the qualifications and experience of the candidate for the role to be fulfilled.

Relations with shareholders

The Board recognises the importance of maintaining good communications with both institutional and private shareholders.

The communications link includes meetings with existing and potential institutional investors following both the interim and final announcements of the results of the Group, press releases

Corporate Governance for the year ended 28 February 2003

on matters of interest to all investors and the making available of the research documents produced on the Group by analysts and independent research companies. Feedback on shareholder meetings is provided via the Group's stockbroker or public relations advisor. All written material, including a summary of the Annual Report and Accounts, is also made available on the Company's website, which can be accessed at <http://www.braemarseascope.com>.

The Company encourages attendance at its Annual General Meeting where each resolution is separately put to the meeting and at which the Chairman and/or Chief Executive makes a statement on the current year's performance and the near-term financial outlook.

Accountability and audit

A statement of the Directors' responsibilities for preparing the financial statements is included in the Report of the Directors on page 12.

Risk management

The Company acknowledges the requirements of the Combined Code and regularly through the subsidiary boards or internal committees seeks to review all aspects of risk management as it affects each sector of the business. These risks include, but are not limited to, staff errors and/or omissions, non-compliance with industry standard procedures, loss of broker teams, effectiveness of internal control systems, industry sector consolidation, currency exposure and loss of financial control. The trading boards monitor such matters on behalf of the Board through permanent or ad hoc working parties and/or committees. The reports of the committees are then considered by the trading boards and the recommendations acted upon. All non-executive directors receive copies of market trading reports which are prepared for internal executive committee meetings on a monthly basis. The Company also holds professional indemnity insurance to an amount considered adequate for its size and exposure.

Internal control

The Directors acknowledge their responsibility for the implementation and effectiveness of the Group's system of internal control. These are designed to identify and counter the particular risks to which the company is exposed. By their very nature these controls can only provide reasonable but not absolute assurance against material miss-statement or loss.

The internal control system, which has been in place for a number of years, is subject to periodic review by the Audit Committee. A review of the effectiveness of the system of internal controls was carried out during the year. Due to the current size and structure of the Group there is not a dedicated full-time internal audit function, though the need for one is kept under review. The vast majority of the Group's workforce and systems are operated from its principal premises at 35 Cosway

Street, London. The Company prepares an annual budget, which is approved by the Board. The performance of the Company and the individual operating units is monitored against budget throughout the year and significant variances are investigated. Regular forecasts for the remainder of the financial year are prepared during the year. There is also a requirement for capital investment to be approved by the Board. There are systems set up internally of checks and authorisations which are further strengthened by the external audit function and the independent audits associated with the Group's ISO 9002 accreditation. It is recognised that any system of internal control can only provide reasonable, and not absolute, assurance against material accounting errors or losses.

The Company's currency risk exposure arises as a result of the majority of its earnings being denominated in US\$ while the majority of its costs are denominated in £'s sterling. The Company manages the currency exposure through a policy of planned forward currency sales. A currency committee, chaired by the Finance Director, administers this currency policy which is to limit the Company's exposure to such risks by the forward sale of currency to cover known forward income. From time to time, the Company also undertakes business in other currencies; the conversion of these currencies into sterling is also supervised by the currency committee. The Board monitors hedging through regular reporting.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to trade for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Remuneration Report for the year ended 28 February 2003

The Remuneration Committee comprises the following non-executive Directors:

John Denholm (Chairman, from 26 November 2002), Sir Graham Hearne and Richard Agutter. Sir Peter Cazalet was Chairman until his retirement on 25 November 2002.

The responsibilities of the Committee are:

- To determine on behalf of the Board and shareholders the Company's overall policy for executive remuneration;
- To determine all aspects of the individual remuneration packages for each of the executive Directors of the Company and review the remuneration packages of other senior executives reporting directly to the Chief Executive, including their base salary and all performance-related elements including bonus arrangements, profit share schemes, equity participation schemes, other long-term incentive schemes, pension and other benefits;
- To review the introduction and to determine the term of all bonus profit share or equity participation schemes or any other like schemes intended to reward or incentivise employees of the Group and to review the participation of each individual in such schemes, including the award of any bonuses and the grant of rights of options thereunder;
- To maintain an overview of policy in relation to the remuneration and conditions of service of other managers within the Group.

In discharging these responsibilities the Committee takes advice from the Chief Executive, Alan Marsh, and, as appropriate, independent consultants. In the current year the Remuneration Committee took advice from Nabarro Nathanson in relation to setting up an SAYE scheme and on granting executive share options.

Remuneration policy

The remuneration of the executive Directors is determined after a review of the individual's performance and after taking account of comparative market data from other companies in the transport and specialist finance sectors. The Remuneration Committee believes that the executive Directors should be rewarded fairly, competitively and at a similar level that will attract, motivate and retain directors of an appropriate calibre. The package, which is reviewed on a regular basis, presently comprises:

- A competitive base salary
- Performance-related bonus
- Defined contribution scheme pension contributions linked to base salary
- Life and medical insurance and similar benefits; and
- Share options

Base salary

Each executive Director's base salary is reviewed annually on performance, achievement of objectives and comparative salaries.

Performance-related bonus

The Remuneration Committee believes that where significant value has been delivered for shareholders, executive directors should have the potential to receive an annual bonus. While the non-performance related elements of their remuneration packages are usually larger, the Committee believes the performance-related bonus is the most important in terms of providing motivation. The Company operates a discretionary bonus scheme, which is based on departmental performance determined using an earnings-related formula.

Pensions

The Group's trading subsidiaries operate a defined contribution pension scheme and make other arrangements for individual members as appropriate. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and the various individual employees' retirement plans.

Benefits

Benefits provided include the provision of medical and life insurance.

Share options

The Company operates a discretionary share option scheme, the Seascope Shipping Holdings 1997 Executive Option Scheme ("The 1997 Scheme"). The 1997 Scheme is open to all employees and Directors and options under the scheme are granted by the Remuneration Committee. The 1997 Scheme has two parts, being an approved and an unapproved section. Enterprise Management Incentive ("EMI") options may be granted under the 1997 Scheme. Under the 1997 Scheme, no employee or director can hold, in any ten-year period, options over shares with a total market value (measured at date of grant) which exceeds four times his remuneration (excluding benefits in kind). The total market value of shares under options granted to any individual under the approved part of the 1997 Scheme must not exceed £30,000. Grants of EMI options worth up to £100,000 (excluding options under the approved part of the 1997 Scheme) can be made to the employees. The number of shares which may be issued or issuable in any ten-year period under the 1997 Scheme or any other Group share option schemes cannot exceed 10% of the Company's issued ordinary share capital at the date of grant.

The Company is seeking approval to put in place an SAYE scheme which would be launched shortly after the Company's 2003 Annual General Meeting. The directors believe that such a scheme would be attractive to members of staff as a tax-efficient way of saving and acquiring an equity interest in the Company, thereby helping to align the interests of staff and shareholders. Executive Directors will be able to join the Company's SAYE scheme.

Non-executive Directors are not permitted to participate in the 1997 Scheme or the SAYE scheme.

Performance conditions

Existing share options granted under the 1997 Scheme are subject to a performance condition that the growth in the

Remuneration Report for the year ended 28 February 2003 continued

Company's average adjusted earnings per share (EPS) over a period of no less than three financial years must exceed the growth in Retail Prices Index (RPI) over the corresponding period by no less than 3% per annum compounded. If the performance condition is not satisfied at this point, retesting of the performance condition is permitted in subsequent financial years until the option lapses. The performance condition was chosen to test whether or not there had been a sustained and significant improvement in the Group's financial performance over a continuous period.

The Remuneration Committee recognises that the transactions which took place during the Group's reporting period ended 28 February 2002 involving Braemar Shipbrokers and Braemar Tankers changed the composition and activities of the Group in a significant and material way. The Committee therefore proposes not to use the average of the past three years' EPS as the base for any options granted in 2003 or 2004. Instead the Committee proposes that the base for the 2003 options to be granted will be the adjusted EPS reported in the preceding year (28 February 2003) and the base for any 2004 grants will be the average adjusted EPS for the preceding reported years 2003 and 2004. Thereafter the Committee proposes that the three year average of past adjusted EPS will be used as the base. The Committee considers that the proposed changes to the base measurement point constitute a fairer start point from which to take the measurement having regard to the changes in the Group's composition referred to above. The Committee also proposes that for all future grants of executive share options the retesting of performance conditions is no longer applied.

The Remuneration Committee determines whether the performance condition has been met using earnings per share information contained in the Company's annual report and accounts, after taking advice from the auditors as to whether any adjustments are required to ensure consistency in accordance

with the terms of the performance condition. This procedure is followed to ensure that no Group employee is in a position to rule on whether the performance conditions applicable to their own share options have been satisfied.

Director's share incentives (audited)

An option over 70,000 shares granted in March 2001 to D.E.P. Walter at an exercise price of 181.5p lapsed on his departure. No other Director who served during the year held any share options. Directors' interests are set out on page 11.

Contracts of service

The executive Directors have entered into service agreements with the Company, each of which can be terminated by 12 months' notice. The independent Non-executive Directors serve under letters of engagement for an initial 3 year term. In the event of early termination of service contracts, each director is entitled to compensation equal to their basic salary and contractual benefits for the notice period. The policy on termination payments to directors is that the company does not normally make payments beyond its contractual obligations. In exceptional circumstances, an ex gratia payment may be considered based on the circumstances of the director's departure and their past contribution.

Details of the current directors' service contracts are as follows:

	Date of Contract	Unexpired term	Notice Period
R.D. Agutter	21 Aug 2001	15 mths	1 mth
J.S. Denholm	6 Jun 2002	25 mths	1 mth
Sir Graham Hearne	1 May 2003	36 mths	1 mth
J.R.V. Kidwell	20 Feb 2003	12 mths	12 mths
A.R.W. Marsh	12 Feb 2001	12 mths	12 mths
I.M. Shaw	19 Jan 1996	12 mths	12 mths

Directors' emoluments (audited)

Individual Directors' emoluments

	Salary	Bonus	Benefits	Pension	Year ended Feb 2003 Total	14 months to Feb 2002 Total
Executive Directors						
A.R.W. Marsh	135,000	75,000	6,354	20,250	236,604	161,066
I.M. Shaw	135,000	-	2,199	20,250	157,449	246,676
J.R.V. Kidwell (appointed 01/08/02) ⁽¹⁾	76,160	30,000	990	11,340	118,490	-
D.E.P. Walter (resigned 31/07/02)	135,256 ⁽²⁾	-	4,791	7,813	147,860	212,738
Non-executive Directors						
Sir Graham Hearne (Chairman)	26,250	-	-	-	26,250	20,417
R.D. Agutter	18,125	-	-	-	18,125	5,833
Sir Peter Cazalet (resigned 25/11/02)	43,750	-	-	-	43,750	55,000
J.S. Denholm (appointed 26/07/02)	10,833	-	-	-	10,833	-
Other directors who resigned in 2001	-	-	-	-	-	81,545
	580,374	105,000	14,334	59,653	759,361	783,275

(1) J.R.V. Kidwell was employed for one month prior to his appointment as a director during which time he received a salary of £10,880 and pension contributions of £1,620.

(2) Included within D.E.P. Walter's salary amount is £75,000 paid to him in connection with his departure from the company.

Remuneration Report for the year ended 28 February 2003 continued

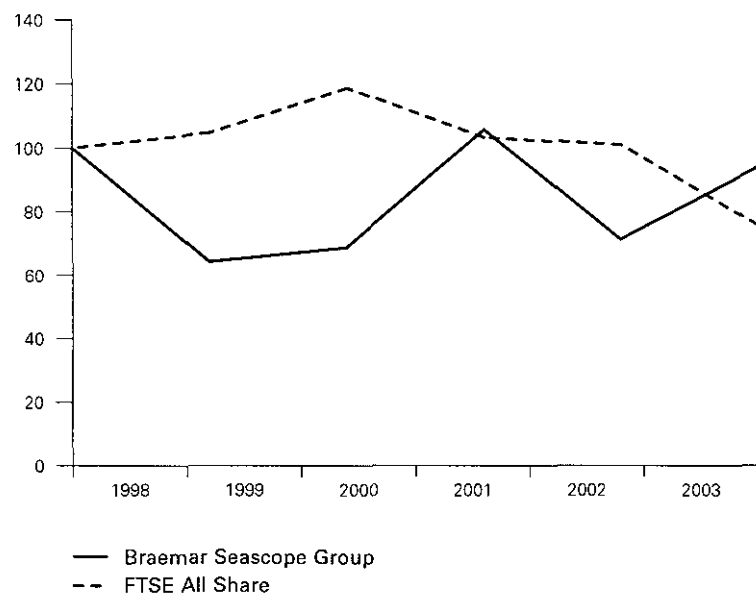
Non-executive directors

The remuneration of the non-executive Directors is determined by the Board with the assistance of independent advice concerning comparable organisations and appointments.

The performance graph

Set out below is the Company's total shareholder return performance over the last five years compared with the FT All Share index. The index has been chosen as it represents the overall return achieved in the UK equity market and there are no sectors which could be considered directly comparable. It should be noted that the scope of the Group's operations changed materially in March 2001 through the merger with Braemar Shipbrokers and again in October 2001 through the acquisition of Braemar Tankers.

Company's total shareholder return performance over the last five years



Approval of the Remuneration Report

This Remuneration Report was approved by the Board on 16 May 2003.

John Denholm
Chairman of the Remuneration Committee

Independent Auditors' Report to the members of Braemar Seascop Group plc

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Remuneration Report ("the auditable part").

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the remuneration report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. The directors are also responsible for the preparing of the Remuneration Report.

Our responsibility is to audit the financial statements and the auditable part of the Remuneration Report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the Remuneration Report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Operating and Financial Review, the Report of the Directors, the Corporate Governance Statement, and the unaudited part of the Remuneration Report.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the Remuneration Report. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the auditable part of the Remuneration Report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

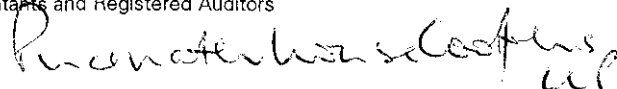
Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group at 28 February 2003 and of the profit and cash flows of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the Remuneration Report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London
16 May 2003



Notes:

- (a) The maintenance and integrity of Braemar Seascop Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Profit and Loss Account for the year ended 28 February 2003

	Notes	Year ended 28 Feb 2003 £'000	14 months to 28 Feb 2002 £'000
Turnover including share of joint ventures		26,919	25,430
Less: share of joint ventures		(157)	–
Group turnover	1b	26,762	25,430
Administrative expenses before exceptional items and goodwill charges		(22,402)	(21,719)
Goodwill amortisation and impairment		(1,034)	(3,403)
Exceptional items	3	479	(3,310)
Total administrative expenses	3	(22,957)	(28,432)
Group operating profit/(loss)		3,805	(3,002)
Share of joint venture's operating profit		18	–
Operating profit/(loss) including joint ventures	4	3,823	(3,002)
Net interest payable and similar charges	5	(348)	(324)
Profit/(loss) on ordinary activities before taxation		3,475	(3,326)
Taxation on profit/(loss) on ordinary activities	6	(1,702)	(429)
Profit/(loss) on ordinary activities after taxation		1,773	(3,755)
Dividends	7	(2,054)	(1,725)
Retained loss for the period	10, 22, 23	(281)	(5,480)
Earnings per ordinary share – pence	8		
– Basic		10.36p	(27.45)p
– Basic excluding goodwill charges and exceptional items		14.43p	15.43p
– Diluted		10.34p	(27.45)p

The Group has no recognised gains or losses other than those included in the consolidated profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

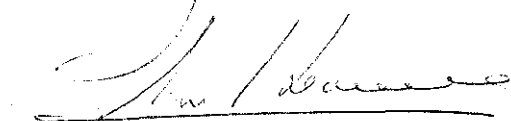
There is no material difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

The notes on pages 23 to 37 form part of these accounts.

Consolidated Balance Sheet as at 28 February 2003

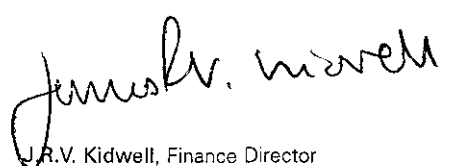
	Notes	28 Feb 2003 £'000	28 Feb 2002 £'000
Fixed assets			
Intangible fixed assets: goodwill	11	18,634	19,668
Tangible assets	12	4,514	4,666
Investments:	13		
Investment in joint venture:			
Share of gross assets		61	-
Share of gross liabilities		(48)	-
		13	-
Other investments		1,071	1,087
		1,084	1,087
		24,232	25,421
Current assets			
Debtors	14	4,707	5,680
Cash at bank and in hand		3,255	3,241
		7,962	8,921
Creditors: amounts falling due within one year	15	(10,568)	(11,578)
Net current liabilities		(2,606)	(2,657)
Total assets less current liabilities		21,626	22,764
Creditors: amounts falling due after more than one year (including convertible debt)	16	(3,000)	(3,283)
Provisions for liabilities and charges	17	(826)	(1,400)
Net assets		17,800	18,081
Capital and reserves			
Called up share capital	19b	1,719	1,719
Capital redemption reserve	19c	396	396
Share premium	20	4,271	4,271
Other reserves	21	18,302	18,302
Profit and loss account	22	(6,888)	(6,607)
Total equity shareholders' funds	23	17,800	18,081

The accounts on pages 19 to 37 were approved by the Board of Directors on 16 May 2003 and were signed on its behalf by:



Sir Graham Hearne, Chairman

The notes on pages 23 to 37 form part of these accounts.



J.R.V. Kidwell, Finance Director

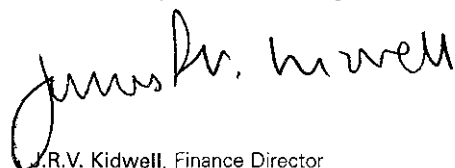
Company Balance Sheet as at 28 February 2003

	Notes	28 Feb 2003 £'000	28 Feb 2002 £'000
Fixed assets			
Investments	13	13,819	13,819
Current assets			
Debtors	14	4,051	2,674
Cash at bank and in hand		96	1
		4,147	2,675
Creditors: amounts falling due within one year	15	(6,072)	(6,084)
Net current liabilities		(1,925)	(3,409)
Total assets less current liabilities		11,894	10,410
Creditors: amounts falling due after more than one year (including convertible debt)	16	(3,000)	(3,187)
Net assets		8,894	7,223
Capital and reserves			
Called up share capital	19b	1,719	1,719
Capital redemption reserve	19c	396	396
Share premium	20	4,271	4,271
Profit and loss account	22	2,508	837
Total equity shareholders' funds	23	8,894	7,223

The accounts on pages 19 to 37 were approved by the Board of Directors on 16 May 2003 and were signed on its behalf by:


Sir Graham Hearne, Chairman

The notes on pages 23 to 37 form part of these accounts.


J.R.V. Kidwell, Finance Director

Consolidated Cash Flow Statement for the year ended 28 February 2003

	Notes	Year ended 28 Feb 2003 £'000	14 months to 28 Feb 2002 £'000
Net cash inflow from operating activities	25	4,339	5,355
Returns on investments and servicing of finance			
Interest received		67	72
Interest paid		(418)	(277)
Interest element of finance lease rental payments		(8)	(16)
Net cash outflow from returns on investments and servicing of finance		(359)	(221)
Taxation			
UK corporation tax paid		(1,045)	(1,961)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(93)	(133)
Purchase of investments		(45)	-
Receipts from investments		-	924
Net cash (outflow)/inflow from investing activities		(138)	791
Acquisitions and disposals			
Purchase of subsidiaries including expenses		-	(2,019)
Cash acquired with subsidiaries		-	2,085
Deferred consideration paid		(855)	(170)
Net cash outflow from acquisitions		(855)	(104)
Equity dividends paid		(1,901)	(1,354)
Net cash inflow before financing		41	2,506
Financing			
New loan		50	2,450
Loan repayment		-	(950)
Loan acquired on acquisition repaid		-	(1,911)
Payment of principal under finance leases		(77)	(43)
Net cash outflow from financing		(27)	(454)
Increase in cash	26, 27	14	2,052

Notes to the Accounts for the year ended 28 February 2003

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the more important accounting policies which have been applied consistently is set out below.

The financial statements are prepared in accordance with the historical cost convention.

b) Turnover

Turnover consists of commission arising from tanker and dry cargo charter broking, sale and purchase broking, offshore broking, financial consultancy arrangement fees and fees for the supply of technical services. The policies for accounting for turnover are as follows:

- i) Tanker and dry cargo charter broking – commission income is recognised when related invoices are issued, in general when the Group has evidence that freight invoices have been issued by the shipowners to the charterers.
- ii) Ship sale and purchase broking – commission is credited to income as instalment payments become due in accordance with the agreement in the case of ships under construction and on delivery for other ships.
- iii) Offshore broking – commission is recognised at the time that charter hire becomes earned and payable by principals.
- iv) Financial consultancy – fees and commissions are credited to income as instalment payments become due in accordance with the agreement.
- v) Technical services – fee income is recognised as invoiced for work performed and/or in accordance with the agreement.

c) Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the Company and all its subsidiary undertakings and of the employee share ownership plan trust made up to 28 February 2003. The results of subsidiaries acquired or disposed of during the period are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. The Company utilises merger relief, if available. Intra-group sales and profits are eliminated fully on consolidation and all sales and profit figures relate to external transactions only.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities and the resulting gains and losses that arise after the Group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

d) Employee share ownership plan trust

Braemar Seascope Group plc has established an employee share ownership plan trust for the benefit of officers and employees of the Group. The assets and liabilities of the trust are consolidated in Braemar Seascope Group plc's financial statements based on the de facto control over the trust by Braemar Seascope Group plc in accordance with FRS 5 "Reporting the substance of transactions", and UITF 13 "Accounting for ESOP Trusts". The funding payments to the trust have been recognised as expenses in the period to which the payments relate.

e) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the market rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the effective average rate achieved during the year, unless covered by specific hedging contracts in which case the contracted rate is used. Differences on exchange are taken to the profit and loss account except that differences on exchange relating to forward exchange contracts entered into to fix the exchange rates applicable to estimated future income are not recognised until the period in which the income arises.

f) Financial instruments

Financial instruments are carried on an historical cost basis. Gains and losses in respect of exchange rate derivatives used for hedging purposes are recognised in the financial statements when the hedge exposure itself is recognised.

The Group does not enter into derivative transactions other than as required to manage the currency risks arising from the Group's operations. The Group does not trade in financial instruments and does not hedge against interest rate exposure.

Notes to the Accounts for the year ended 28 February 2003

1 Accounting policies continued

g) Fixed assets

i) Tangible fixed assets

These are shown at historical cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight line basis over its expected useful life as follows (except for long leasehold interests which are written off against the remaining period of the lease):

Motor vehicles	– three years
Computers	– four years
Fixtures and equipment	– four years

ii) Investments

Investments are shown at the lower of cost and market value. Investments in subsidiaries are shown at cost less impairment.

h) Goodwill

Goodwill arising on consolidation, being the excess of the purchase price over the fair value of the net assets of the subsidiary undertaking at the date of acquisition, is capitalised as an asset in the consolidated balance sheet and written off over a period of 20 years, which is the period over which the Directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

i) Commissions payable

Commissions payable to clients are recognised in trade creditors due within one year on the earlier of the date of invoicing or the date of receipt of cash.

j) Deferred taxation

Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

k) Pension scheme arrangements

Braemar Seascope Limited operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund.

l) Finance and operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the Group substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The asset is included in fixed assets and the capital element of the leasing commitment is shown as an obligation under finance leases. The lease rental is treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

2 Segmental analysis

The Group is engaged in one class of activity, being shipbroking and services related closely thereto. All of the activity originates in the United Kingdom but, because many of the Group's clients are buying support for their global operations, it is not possible to determine the actual destination of the Group's services.

3 Administrative expenses

	2003 £'000	2002 £'000
a) Administrative expenses	23,114	28,432
b) Exceptional items	£'000	£'000
Income arising from the successful outcome of litigation	254	–
Partial release of a vacant space provision	225	–
Integration costs in connection with Braemar Shipbrokers and Braemar Tankers transactions	–	(3,310)
	479	(3,310)

4 Operating profit/loss

	2003 £'000	2002 £'000
a) The profit/loss is stated after charging:		
Auditors' remuneration		
Audit (Company: 2003: £5k, 2002: £5k)	90	105
Non-audit services (Company: 2003: £nil, 2001: £nil)		
– tax fees	40	51
– exceptional acquisition costs excluding £750k capitalised in 2002	–	57
Operating lease payments for land and buildings	617	644
Depreciation on tangible fixed assets		
– owned assets	215	449
– leased assets	14	124
Goodwill amortisation	1,034	996
Goodwill impairment provision	–	2,407
Staff costs (see (b) below)	10,478	11,610
	2003 £'000	2002 £'000
b) Staff costs (including Directors)		
Wages and salaries	8,478	9,604
Social security costs	989	1,105
Other pension costs	1,011	901
	10,478	11,610

The average number of employees (including Directors) during the period employed in shipbroking and associated services was 154 (2002: 114).

5 Net interest payable and similar charges

	2003 £'000	2002 £'000
Interest receivable and similar income	73	72
On bank loans and other loans:		
Repayable within 5 years, not by instalments	(413)	(380)
On finance leases	(8)	(16)
	(348)	(324)

6 Taxation on profit/loss on ordinary activities

Analysis of charge in period		2003 £'000	2002 £'000
Current tax			
UK corporation tax at 30% (2002: 30%)		1,738	845
Adjustment in respect of previous periods		(175)	19
Share of joint venture's tax		6	–
Total current tax		1,569	864
Deferred tax			
Charge/(credit) to profit and loss account		13	(435)
Adjustment in respect of previous years		120	–
Total deferred tax		133	(435)
Tax on profit on ordinary activities		1,702	429

A tax charge of £143k (2002: £847k tax relief) in respect of exceptional items (see note 3) has been charged in arriving at the tax on profit on ordinary activities.

Notes to the Accounts for the year ended 28 February 2003

6 Taxation on profit/loss on ordinary activities continued

Reconciliation between expected and actual tax charge

	2003 £'000	2002 £'000
Profit/(loss) on ordinary activities at standard rate of UK corporation tax of 30% (2002: 30%)	1,043	(998)
Expenses not deductible for tax purposes	392	387
Capital allowances and other timing differences	(13)	435
Goodwill	320	1,021
Prior year adjustments	(175)	19
Share of joint venture's tax	2	-
Current tax charge for the period	1,569	864

7 Dividends

	2003 £'000	2002 £'000
Dividends		
Ordinary shares of £0.10p each		
Interim of £0.05p per share paid 20 December 2002 (2002: £0.05p per share)	856	679
Final of £0.07p per share proposed (2002: £0.07p per share)	1,198	1,046
	2,054	1,725

8 Earnings per share

The diluted earnings per share figures are based on the weighted average number of shares after taking into account the potentially dilutive share options issued but remaining unexercised and the £3m convertible loan notes.

	Year ended 28 Feb 2003 £'000	14 months to 28 Feb 2002 £'000
Profit/(loss) after taxation	1,773	(3,755)
Weighted average number of shares – basic	17,120,436	13,680,695
Basic EPS – pence	10.36p	(27.45p)
Goodwill amortisation and impairment	1,034	3,403
Exceptional (income)/costs	(479)	3,310
Related tax charge/(relief)	143	(847)
Adjusted earnings	2,471	2,111
Basic EPS excluding goodwill charges and exceptional items – pence	14.43p	15.43p
Diluted EPS:		
Profit/(loss) after taxation	1,773	(3,755)
Interest on convertible £3m loan notes	126	n/a
Diluted earnings	1,899	(3,755)
Weighted average number of shares – basic	17,120,436	13,680,695
Conversion of £3m loan notes	1,250,000	n/a
Diluted average number of shares	18,370,436	13,680,695
Diluted EPS – pence	10.34p	(27.45p)

9 Directors' remuneration
Directors' emoluments

	2003 £'000	2002 £'000
Aggregate emoluments	624	708
Compensation for loss of office	75	–
Pension scheme costs	60	75
	759	783

Retirement benefits are accruing to two Directors (2002: 6) under the Braemar Seascope Limited defined contribution pension scheme and to one other Director under his own pension arrangements.

No Director waived emoluments in respect of any period.

The Directors in common with other employees of the Group also had an interest in 73,510 ordinary 10p shares, held by Close Trustees Guernsey Limited on behalf of the employee share ownership plan trust.

The Directors held no material interest in any contract of significance entered into by the Company or its subsidiaries.

10 Profit for the financial year

In accordance with the exemptions allowed by section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. Of the results for the year to 28 February 2003 a profit of £1,671k (2002: loss of £1k) has been dealt with in the accounts of the Company.

11 Intangible fixed assets

Goodwill

The Company has no intangible fixed assets. Details of those relating to the Group are as follows:

	£'000
Cost	
At 1 March 2002	23,215
Additions	–
At 28 February 2003	23,215
Amortisation	
At 1 March 2002	3,547
Charge for the period	1,034
At 28 February 2003	4,581
Net book value	
At 28 February 2003	18,634
At 1 March 2002	19,668

Notes to the Accounts for the year ended 28 February 2003

12 Tangible fixed assets

The Company has no tangible fixed assets. Details of those relating to the Group are as follows:

	Motor cars £'000	Computers £'000	Fixtures & equipment £'000	Long leasehold £'000	Total £'000
Cost					
At 1 March 2002	105	270	250	4,503	5,128
Additions	–	56	37	–	93
Disposals	(51)	–	–	–	(51)
At 28 February 2003	54	326	287	4,503	5,170
Depreciation					
At 1 March 2002	46	124	111	181	462
Charge for the period	14	91	69	54	228
Disposals	(34)	–	–	–	(34)
At 28 February 2003	26	215	180	235	656
Net book value					
At 28 February 2003	28	111	107	4,268	4,514
At 1 March 2002	59	146	139	4,322	4,666

The net book value of tangible fixed assets includes an amount of £28k (2002: £76k) in respect of assets held under finance leases.

13 Fixed assets: investments

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Cost at 1 March 2002	1,087	734	13,819	8,070
Additions	45	507	–	7,099
Share of joint venture's profit before tax	18	–	–	–
Share of joint venture's tax	(6)	–	–	–
Disposals/transfers – unlisted shares	–	(154)	–	(1,300)
Write-down of investment	(60)	–	–	–
Provision for shares in subsidiary	–	–	–	(50)
At 28 February 2003	1,084	1,087	13,819	13,819

All shares are unlisted except the interest in own shares owned of £65k by the Company at 1 March 2002 and at 28 February 2003. The interest in own shares represents the assets of the employee share ownership plan (see note 29). The Group's unlisted shares principally include 1,200 (20%) ordinary £1 shares in the London Tanker Brokers Panel and 9,892 shares (16.7%) in Lone Star R.S. Platou & Braemar, Inc. (see note 32 (ii)). These have been treated as investments and not equity accounted as the Company does not have significant influence.

The following companies are the principal subsidiaries and joint venture company of the Braemar Seascope Group plc group at 28 February 2003:

	Activity	Country of registration	Type of shares
Braemar Container Shipping & Chartering Limited (50% owned)	Shipbroking	England & Wales	Ordinary
Braemar Seascope Limited	Shipbroking	England & Wales	Ordinary
Braemar Seascope Valuations Limited	Valuations	England & Wales	Ordinary
Wavespec Limited	Marine Consultants	England & Wales	Ordinary

All subsidiary companies are wholly owned at 28 February 2003.

14 Debtors

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Amounts falling due after more than one year				
Deferred tax asset (see (a) below)	213	346	-	-
Other debtors (see (b) below)	70	87	30	44
	283	433	30	44
Amounts falling due within one year				
Trade debtors	3,493	4,203	-	-
Amounts due from subsidiary undertakings	-	-	4,020	2,519
Other debtors	264	358	-	-
Corporation tax recoverable	-	-	-	111
Prepayments and accrued income	667	686	1	-
	4,707	5,680	4,051	2,674

a) The deferred tax asset arises on accelerated capital allowances £179k and other short-term timing differences £34k.

b) Other debtors at 28 February 2003 comprise loans to 17 (2002: 17) employees of Braemar Seascope Limited.

15 Creditors: Amounts falling due within one year

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bank loan (secured see note 18d)	2,500	2,450	2,500	2,450
Loan stock re GFL (UK) Ltd acquisition	187	563	187	563
Obligations under finance leases	24	88	-	-
Trade creditors	2,519	3,222	-	-
Due to subsidiary undertakings	-	-	1,988	1,636
Other creditors	425	219	99	101
UK corporation tax	785	267	-	-
Other taxation and social security	-	149	-	-
Dividends payable	1,199	1,046	1,199	1,046
Other accruals and deferred income	2,891	3,282	99	108
Deferred consideration	38	292	-	180
	10,568	11,578	6,072	6,084

The deferred consideration payable includes £38k in respect of the acquisition of Braemar Tankers Limited, payable on 30 April 2003.

16 Creditors: Amounts falling due after more than one year

a) Creditors

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Convertible unsecured loan stock	3,000	3,000	3,000	3,000
Loan stock re GFL (UK) Ltd acquisition	-	187	-	187
Obligations under finance leases	-	13	-	-
Other creditors	-	45	-	-
Deferred consideration	-	38	-	-
	3,000	3,283	3,000	3,187

Notes to the Accounts for the year ended 28 February 2003

16 Creditors continued

Convertible unsecured loan stock

In connection with the acquisition of Braemar Shipbrokers, £3.0m 6% 3-year convertible unsecured loan stock was issued to the vendors on 8 March 2001, convertible into shares at a price of £2.40 loan stock per one ordinary share, the conversion period being between the publication of the first annual report following the acquisition and three years from issue, or otherwise redeemable at par by the Company on the third anniversary of issue or at any intervening time by tender offer.

The net finance lease obligations to which the Group is committed are:

	2003 £'000	2002 £'000
In one year or less	24	88
Between two and five years	–	13
	24	101

b) Maturity profile of financial liabilities

	Provisions £'000	Debt & loan stocks £'000	Finance leases £'000	2003 Total £'000	2002 Total £'000
Within one year	618	2,687	24	3,329	3,101
Between one and two years	120	3,000	–	3,120	200
Between two and five years	88	–	–	88	3,000
	826	5,687	24	6,537	6,301

17 Provisions

	Group	
	2003 £'000	2002 £'000
At 1 March 2002	1,400	–
Acquired companies	–	315
(Released)/charged in the period	(105)	1,085
Utilised in the year	(469)	–
At 28 February 2003	826	1,400

The provisions are principally in respect of onerous lease obligations in connection with certain properties and are expected to be utilised over the next four years.

18 Derivatives and other financial instruments

The Group's financial instruments comprise loans, bank overdrafts, forward contracts, finance leases and various items such as trade debtors and trade creditors that arise from its operations. The main purpose of these financial instruments is to raise cash for the Group's operations. The Company has taken advantage of the exemption under FRS13 that short-term debtors and creditors be excluded from the following disclosure, other than the currency risk disclosures.

18 Derivatives and other financial instruments continued

a) Risk management

The Group's currency risk exposure arises as a result of the majority of its earnings being denominated in US\$ while the majority of its costs are denominated in £ sterling. The Group manages the currency exposure through a policy of planned forward currency sales. A currency committee administers this currency policy which is to limit the Group's exposure to such risks by the forward sale of currency to cover known forward income. From time to time, the Group also undertakes business in other currencies and the translation of these currencies into sterling is also supervised by the currency committee.

b) Interest rate risk

Interest rate risk profile of financial liabilities

The interest rate risk profile of the Group's financial liabilities was:

	Fixed rate weighted average period	Fixed rate weighted average interest rate	Fixed borrowings £'000	Floating borrowings £'000	Non-interest bearing £'000	Total £'000
Sterling – at 28 February 2003	1 year	6.0%	3,020	2,687	826	6,533
Sterling – at 28 February 2002	2 years	6.1%	3,101	3,200	1,400	7,701

The maturity profile of financial liabilities is disclosed in note 16b. Floating rate borrowings bear interest at rates related to LIBOR.

Interest rate risk profile of financial assets

The interest rate risk profile of the Group's financial assets was:

	Floating rate financial assets £'000	Total £'000
Sterling/currency – at 28 February 2003	3,288	3,288
Sterling/currency – at 28 February 2002	3,241	3,241

Cash balances are held on overnight deposits at floating rates depending on the prevailing market rates for the amount of funds deposited.

Fixed asset investments in unlisted shares have been excluded from the above disclosures as they have no maturity date. They are sterling denominated.

c) Currency risk on current assets and liabilities

The following is an analysis of the Group's current assets and liabilities where part of the amount was denominated in currencies other than £ sterling.

	Total £'000	US\$ £'000	NKr £'000	Euro £'000
At 28 February 2003				
Cash at bank and in hand	2,253	2,063	188	2
Trade debtors	1,696	1,696	–	–
Trade creditors	(2,167)	(2,167)	–	–
Net foreign currency	1,782	1,592	188	2
At 28 February 2002				
Cash at bank and in hand	2,314	2,142	35	137
Trade debtors	3,422	3,394	2	26
Trade creditors	2,823	2,823	–	–
Net foreign currency	8,559	8,359	37	163

Notes to the Accounts for the year ended 28 February 2003

18 Derivatives and other financial instruments continued

d) Banking facilities

The Company has banking facilities which include a revolving credit facility of £8.0m, expiring in 2006 of which £5.5m was undrawn at 28 February 2003. The Company and its subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure the above revolving credit facility.

e) Fair values of financial assets and liabilities

	28 Feb 2003		28 Feb 2002	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Investments – unlisted shares	1,019	1,019	1,022	1,022
Debtors – amounts falling due after more than one year	283	283	433	433
Cash at bank and in hand	3,255	3,255	3,241	3,241
Creditors – amounts falling due after more than one year				
Loan stocks	3,000	3,000	3,187	3,187
Obligations under financial leases	–	–	13	13

Each of the above items has been reviewed and the fair value is established not to be materially different from the current book value.

f) Forward contracts

At 28 February 2003 the Group had entered into forward contracts for the sale of US dollars amounting to \$22.0m in the ordinary course of business (28 February 2002: \$15.5m). The majority of the Group's income is denominated in US dollars and this currency exposure is managed through a policy of planned forward sales of US dollars.

19 Share capital

	2003 £'000	2002 £'000
a) Authorised		
Ordinary shares of £0.10p each	3,490	3,490
b) Allotted, called up and fully paid		
Ordinary shares of £0.10p per share		
As at 1 March 2002	1,719	682
Shares issued	–	1,037
As at 28 February 2003	1,719	1,719
c) Capital redemption reserve		
At 1 March 2002 and at 28 February 2003	396	396

d) Share options

There are outstanding options over 703,000 (2002: 70,000, now all lapsed) of the Company's ordinary shares. During the period the 740,000 share options were granted at the market price of 137.5 pence and exercisable between July 2005 and July 2012. Of these 37,000 have lapsed.

20 Share premium

	2003 £'000	2002 £'000
At 1 March 2002	4,271	4,728
Costs debited in respect of shares issued on acquisitions	–	(457)
At 28 February 2003	4,271	4,271

21 Other reserves

	Group £'000
At 1 March 2002 and 28 February 2003	18,302

Other reserves are non-distributable and arose in connection with transactions in which the company availed itself of merger relief.

22 Profit and loss account

	Group £'000	Company £'000
At 1 March 2002	(6,607)	837
Retained (loss)/profit for the period	(281)	1,671
At 28 February 2003	(6,888)	2,508

Goodwill of £5,600k was written off directly to reserves in the financial year to 31 December 1998 upon the Company's adoption of FRS10.

Notes to the Accounts for the year ended 28 February 2003

23 Reconciliation of movement in shareholders' funds

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Profit/(loss) on ordinary activities after taxation	1,773	(3,755)	3,725	1,724
Dividends	(2,054)	(1,725)	(2,054)	(1,725)
Issue of ordinary share capital	-	1,037	-	1,037
Other reserves arising on acquisition	-	18,302	-	-
Acquisition costs debited to share premium	-	(457)	-	(457)
Net increase in shareholders' funds	(281)	13,402	1,671	579
Opening shareholders' funds	18,081	4,679	7,223	6,644
Closing shareholders' funds	17,800	18,081	8,894	7,223

24 Capital expenditure and other financial commitments

There were no capital commitments in either the Group or the company as at 28 February 2003 (2002: Nil)

As at 28 February 2003 the Group had annual commitments in respect of land and buildings under non-cancellable operating leases as follows:

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Expiring within one year	393	115	-	-
Expiring between two and five years	161	483	-	-
Expiring in over five years	4	263	-	-

25 Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2003 £'000	2002 £'000
Operating profit/(loss)	3,805	(3,002)
Depreciation charge	229	573
Exceptional write-off of fixed assets	–	565
Goodwill amortisation and impairment	1,034	3,403
Profit on sale of investments	–	(156)
Loss on write-down of fixed assets	16	–
Write-down of investments	60	–
Decrease in debtors	840	1,275
(Decrease)/increase in creditors	(1,071)	1,612
(Decrease)/increase in provisions	(574)	1,085
	4,339	5,355

The reduction in creditors includes a net reduction of £0.7m in commissions due to clients (2002: an increase £1.3m). Net cash inflow from operating activities eliminating this movement is £5.1m (2002: £4.1m).

Included within operating profit is a net cash inflow from exceptional income of £254k (2002: Nil).

26 Analysis of net funds

	Cash in hand and at bank £'000	Loan stocks £'000	Bank loans £'000	Finance leases £'000	Total £'000
At 1 January 2001	1,189	–	(950)	(148)	91
Acquired loans	–	–	(1,911)	–	(1,911)
Cash flow	2,052	–	411	43	2,506
Non cash movements	–	(3,750)	–	4	(3,746)
At 28 February 2002	3,241	(3,750)	(2,450)	(101)	(3,060)
Cash flow	14	563	(50)	77	604
At 28 February 2003	3,255	(3,187)	(2,500)	(24)	(2,456)

Notes to the Accounts for the year ended 28 February 2003

27 Reconciliation of net cash flow to movement in net funds

	2003 £'000	2002 £'000
Increase in cash	14	2,052
Decrease in finance leases	77	43
Decrease in bank loan	-	950
	91	3,045
Change in net funds resulting from cash flows		
Non-cash items		
Acquired finance leases	-	(20)
New finance leases	-	(31)
Disposal of finance leases	-	55
Movement in net funds	91	3,049
Net funds at beginning of period	(3,060)	91
Repayment of loan notes	563	-
New bank loan	(50)	(2,450)
Issue of loan stocks	-	(3,750)
Net funds at end of period	(2,456)	(3,060)

28 Major non-cash transactions

During the period the Group entered into finance lease arrangements with a capital value at the inception of the leases of £nil (2002: £31k).

29 Employee share ownership plan

An employee share ownership plan (ESOP) was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held on trust by the Trustee of the ESOP, Close Trustees Guernsey Limited, for the benefit of the employees. The shares are purchased by the Trustee when they become available.

As at 28 February 2003, the ESOP had purchased 73,510 ordinary shares of 10p each at a cost of £65,308 including stamp duty associated with the purchase. The funding for the purchase has been provided by the Company in the form of an interest-free loan and the trustees have contracted with the Company to waive the ESOP's right to receive dividends. The fees charged by the trustees for the operation of the ESOP trust are paid by the Company and charged to the profit and loss account as they fall due. The shares owned by the ESOP had a market value at 28 February 2003 of £112k (2002: £98k). The distribution of these shares is determined by the Remuneration Committee and none of the shares had been allocated at 28 February 2003.

30 Pension commitments

Contributions of £nil were due to the funds at 28 February 2003 (2002: £nil).

31 Contingent liabilities

- i) Under the Merger Agreement dated 7 March 2001 between the Company and Braemar Shipbrokers Ltd (Braemar) the vendors personally gave a joint and several indemnity to the Company for any income tax or national insurance contribution obligations up to £10.0m that might arise as a result of transactions with or within an Employee Benefit Trust for Braemar's employees prior to acquisition. The Company could be liable, under certain circumstances, for any unpaid income tax or national insurance contributions from the date the indemnity expires on 6 March 2011 or earlier should any obligations not be recovered under the indemnity. The Company does not expect to incur any liability in respect of these contingent liabilities and accordingly no provision has been made in these accounts.

32 Options

- i) The Company has a call option, exercisable at any time up to 20 September 2005 to acquire 40,000 ordinary shares (40%) of Singapore \$1 each in SBQ Pte. Limited, a Singapore broker, for a consideration of issuing 175,000 ordinary shares.
- ii) In connection with the Group's investment in Lone Star R.S. Platou & Braemar, Inc. (see note 13), the Group has been granted by R.S. Platou Shipbrokers A.S. ("Platou") the right to participate in a put and call option to acquire between 15% and 16.66% of Lone Star held by the existing owners. The put and call option cannot be exercised before 1 January 2005.

On or before 1 May 2004, the Group and Platou are required to negotiate as to ownership structure of Lone Star from 11 August 2004 with a view to equal ownership. If terms for this are not agreed then the Group is to deliver to Platou by 1 September 2004 a put value price based on its owning 100% of all of Lone Star's shares and Platou is to decide within two weeks either to purchase the entire interest of the Group in Lone Star or to sell such of its own shares to the Group that ownership between them is on an equal footing.

Five Year Financial Summary consolidated profit and loss accounts

	12 months to Dec 1998 £'000	12 months to Dec 1999 £'000	12 months to Dec 2000 £'000	14 months to Feb 2002 £'000	12 months to Feb 2003 £'000
Group turnover	9,454	10,388	12,068	25,430	26,919
Administrative expenses	(6,316)	(8,419)	(10,101)	(21,719)	(22,559)
Goodwill amortisation/impairment	(1)	(33)	(110)	(3,403)	(1,034)
Exceptional items	-	-	-	(3,310)	479
Total operating expenses	(6,317)	(8,452)	(10,211)	(28,432)	(23,114)
Operating profit/(loss)	3,137	1,936	1,857	(3,002)	3,805
Profit/(loss) before taxation	3,220	2,003	1,817	(3,326)	3,475
Taxation	(1,082)	(666)	(662)	(429)	(1,702)
Profit/(loss) after taxation	2,138	1,337	1,155	(3,755)	1,773
Dividends on non-equity shares	-	-	-	-	-
Profit/(loss) after taxation and dividends on non-equity shares	2,138	1,337	1,155	(3,755)	1,773
Dividends on equity shares	(930)	(995)	(1,012)	(1,725)	(2,054)
Retained profit/(loss)	1,208	342	143	(5,480)	(281)
Earnings per ordinary share – pence					
Basic	34.49p	21.03p	17.12p	(27.45)p*	10.36p
Basic excluding goodwill charges and exceptional items	34.51p	21.55p	18.75p	15.43p*	14.43p
Diluted	29.53p	19.38p	15.96p	(27.45)p*	10.34p

The diluted EPS figures are determined after taking into account share options issued but unexercised.

*14 months

Five Year Financial Summary Consolidated balance sheets

	Dec 1998 £'000	Dec 1999 £'000	Dec 2000 £'000	Feb 2002 £'000	Feb 2003 £'000
Fixed assets					
Intangible assets: goodwill	63	2,159	2,801	19,668	18,634
Tangible assets	509	919	1,005	4,666	4,514
Investments	620	734	734	1,087	1,084
	1,192	3,812	4,540	25,421	24,232
Current assets					
Debtors	2,285	1,652	2,949	5,680	4,707
Cash at bank balances	2,861	1,416	1,189	3,241	3,255
	5,146	3,068	4,138	8,921	7,962
Creditors: amount falling due within one year	(2,821)	(2,194)	(3,111)	(11,578)	(10,568)
Net current assets/(liabilities)	2,325	874	1,027	(2,657)	(2,606)
Total assets less current liabilities	3,517	4,686	5,567	22,764	21,626
Creditors amount falling due after more than one year	(235)	(150)	(888)	(3,283)	(3,000)
Provisions for liabilities	–	–	–	(1,400)	(826)
Net assets	3,282	4,536	4,679	18,081	17,800
Capital and reserves					
Called up share capital	627	682	682	1,719	1,719
Capital redemption reserve	396	396	396	396	396
Share premium	3,871	4,728	4,728	4,271	4,271
Other reserves	–	–	–	18,302	18,302
Profit and loss account	(1,612)	(1,270)	(1,127)	(6,607)	(6,888)
Total shareholders' funds	3,282	4,536	4,679	18,081	17,800

Shareholder Information

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Accountants

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Timetable

AGM:	25 June 2003
Ex dividend date:	2 July 2003
Final Dividend record date:	4 July 2003
Final Dividend payment date:	31 July 2003
2003/4 Interim Results announcement:	Early November 2003

Braemar Seascope Group plc company number: 2286034

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