BRAEMAR
SHIPPING SERVICES PLC

Registered number: 2286034

BRAEMAR

Annual Report 2014

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What we do

Braemar provides expert market knowledge and professional skills and advice in the shipping and offshore energy markets. We provide technical and physical advice and services to the owners and users of vessels, insurers and major energy companies.

We build long-term relationships with our clients based on trust and mutual understanding. Each segment of our portfolio of businesses specialises in a different area of knowledge or skill but all are interconnected and often service the same client.

Our assets are our people, our client relationships, our information systems and our brand. "Braemar" is about expertise, trust, reliability, respectability and ethical conduct.

Our divisions

Shipbroking +
Technical +
Logistics +
Environmental +

2014 highlights

Financial highlights

Revenue

£125.5m

(2013: £139.7m, excluding the *RENA*: £120.8m)

Pre-tax profit

£9.0m

(2013: £9.6m, excluding the *RENA*: £7.2m)

Basic EPS from continuing operations

31.9p

(2013: 34.5p, excluding the *RENA*: 26.03p)

Cash at 28 February 2014

£13.7m

(28 February 2013: £23.3m, 31 August 2013: £7.1m)

Full year dividend per share

26.0p

(2013: 26.0p)

Operational highlights

Shipbroking increased its total forward order book of business

Excellent performance by the Technical division driven by a strong performance in Braemar Offshore

Non-core business of Casbarian sold in March 2014

Organic growth in Ship Agency in the Logistics division

Braemar at a glance

The Group comprises four operating divisions. These work together to offer a unique combination of skills for clients, at any time, anywhere in the world.

Shipbroking

Braemar Seascope has offices across the globe with key hubs in London, Singapore and Australia.

The Braemar Seascope brokers in these locations are specialists in their area of expertise covering the vast majority of shipping sectors.

Whether facilitating sale and purchase transactions, or arranging spot or time charters our teams are dedicated to their clients' needs 24 hours a day 365 days a year.

We have continued to invest in the systems that provide unique information to our broking teams allowing them to perform for their clients.

Technical

Braemar's Technical division provides a range of shipping and energy sector related services from a network of offices around the world.

Braemar's Technical division has a wide technical service skill base. This covers loss adjusting for both the shipping and energy markets, marine warranty surveys and consultancy and marine engineering and design skills.

The markets in which we operate are growing. We are investing ahead of this growth and are also benefiting from synergy between business units.

Revenue by division

- Shipbroking – 32.5%
- Technical – 31.9%
- Logistics – 31.0%
- Environmental – 4.6%

Divisional operating profit*

- Shipbroking – 22.9%
- Technical – 59.0%
- Logistics – 17.2%
- Environmental – 0.9%

* Divisional operating profit is defined as operating profit before amortisation of acquisition related intangibles, non-recurring items and unallocated costs and is referred to consistently throughout the Annual Report.

Logistics
Cory Brothers operates in the UK and Singapore.

The skills of the business include freight forwarding and logistics and a leading position in ship agency.

We are able to provide our clients with first class service through the use of bespoke systems which can generate superior management information.

Environmental
Braemar Environmental offers environmental consultancy and crisis management support to both industry and government bodies around the clock and across the globe.

Our experienced teams are trained to respond quickly and effectively to hazardous incidents both at sea and on land.

This division is actively building a presence within the insurance industry.

Chairman's statement

We believe the proposed merger with ACM represents a transformational change in the development of our Group.

Proposed merger with ACM
Your Board has been for some time considering ways in which we could strengthen and expand our Shipbroking division to keep in step with the growth of our shipping and technical services businesses. We believe that the merger with ACM, on which I comment more below, will achieve the step change we have been seeking and your Board is pleased to be bringing it before you for your approval.

Results for the year – Overview
The shipping markets – the principal driver of our Shipbroking division – remained subdued for the majority of the year. However, during the second half, a greater sense of confidence encouraged new investment and more long-term business and our forward order book began to increase.

Our Technical division, which provides services to the offshore energy market, benefited from improved levels of activity and achieved excellent results. The non-core US-based offshore engineering business, Casbarian, was sold in March 2014.

Our Logistics division produced a solid performance and the Environmental division reverted to its regular level of activity, having been significantly boosted last year by the *RENA* project.

Revenue from continuing operations was £125.5m (2013: £139.7m) and operating profit was £8.9m (2013: £9.3m). Excluding the effect of the *RENA* project in 2012/13, underlying revenue from continuing operations grew by 4% from £120.8m to £125.5m and underlying operating profit grew by 29% from £6.8m to £8.9m. Basic earnings per share from continuing operations (and again allowing for the *RENA* effect) at 31.9 pence was 23% higher than 2012/13. Continuing operations exclude the Casbarian business from both this year and last. The excellent growth in both sales and operating profit in the Technical division was offset by slower trading in Shipbroking and reduced activity in the Environmental division. Despite an outflow in working capital brought about by a shift in the mix of business towards the Technical division, the balance sheet remains strong with a net cash position of £13.7m at the end of the year.

Proposed merger with ACM

We believe the proposed merger with ACM represents a transformational change in the development of our Group. Like Braemar, ACM is a leading shipbroker providing a wide range of shipbroking services for the global market. It is widely recognised as a market leader in tanker broking and has extensive international operations employing over 160 brokers and support staff world-wide. With our 282 brokers and support staff and the enhanced global footprint going forward, we believe that the combined business will enable us to provide even higher quality service to our clients based on improved market coverage. Following the merger, we plan to establish broking desks which maintain succession and have strength in depth and will create a leading broking platform for the next decade. Details of the proposed merger have been announced separately to the market. We are sending a circular to shareholders in relation to the proposed merger. I recommend you read it carefully and vote in favour of the transaction as my Board colleagues and I will be doing, as will the Board of ACM.

Board and management

Following a year of change at the Board level in 2012/13, the year was one of stability.

Looking ahead we plan to make some changes in the light of the planned merger with ACM. Having served twelve years as a non-executive Director, John Denholm will step down as a Director at this year's AGM. John has made an invaluable contribution to the Board as a non-executive Director since 2002 and as Chairman of the Remuneration Committee and we thank him warmly for all he has done for the Group over the years.

We look forward to welcoming our new colleagues from ACM when the proposed transaction is completed.

Dividend

The Directors are recommending for approval, at the Annual General Meeting on 4 July 2014, an unchanged final dividend of 17 pence per ordinary share. This will be paid on 15 August 2014 to shareholders on the register at close of business on 18 July 2014. Together with the 9 pence interim dividend, the Company's dividend for the year will be 26 pence (2013: 26 pence). The dividend is covered 1.3 times by earnings from continuing operations before amortisation of acquisition related intangibles.

Colleagues

On behalf of the Board I would like to express my thanks to all our employees who have worked diligently for Braemar to achieve these results. It is the professionalism of the Braemar team around the world that makes a difference to our clients and helps build the Braemar brand and reputation.

Sir Graham Hearne CBE
Chairman
19 May 2014

Chief Executive's statement

Our objective is to continue to build the Braemar brand to be the most valued provider of knowledge and skill-based services.

Trading performance
It was a significant year of change for the Group with indications of a recovery in the shipping markets in which we operate and the Technical division demonstrating its potential. The Group overall achieved revenue of £125.5m down from £139.7m, although adjusting for the revenue generated by the *RENA* project in the prior year, the underlying growth in revenue was 4%.

The Shipbroking division revenue fell during the year reflecting the continued weak markets for the majority of the year and the low forward order book at the start of the year. Revenue at £40.9m was 11.8% down on last year and represented one third of total Group revenue in the period. The second half of the year, however, saw some improvement in markets and a 15% increase in revenue over the first half. This improvement was also reflected in our forward order book which has grown in total by more than 25% in the year to approximately $40m, of which approximately $20m relates to 2014/15. We have continued to pay attention to our cost base but our main objective has been to continue to invest in people and infrastructure in anticipation of improved markets. As a result the divisional operating profit at £2.6m was lower than the prior year, but is showing signs of improvement.

The Technical division had an excellent year with revenue up 22% on the prior year at £40.0m. All aspects of the division improved year on year and accounted for 32% of the Group's total revenue. We anticipate that this division will continue to be a driver of our future growth expectations. The largest contributors to this growth were firstly, Braemar Offshore which provides marine warranty surveying and consulting expertise to the oil and gas industry principally in Asia and secondly, Braemar Engineering which is a specialist consultant to the LNG shipping marketplace. Braemar Adjusting and Braemar Salvage Association, which provide surveying skills to the offshore, shipping and insurance markets, also performed strongly and importantly, recruited a number of new key staff, putting them in a stronger position to capitalise on opportunities in the year ahead. Divisional operating profit for the division was £6.8m, up 82% (£3.7m) on the prior year.

Revenue for the Logistics division rose by 3.8% to £38.9m with increased contributions from both ship agency and forwarding and logistics. The markets we operate in remain fiercely competitive but we maintained our market share. The best performance in the year was from the agency business in Singapore which grew strongly. Divisional operating profit for the division at £2.0m was unchanged on the prior year.

The Environmental division returned to a normal level of activity after the completion of the project in New Zealand on the *RENA*. Revenue in 2013/14 of £5.8m compares with underlying revenue of £4.5m in the prior year. This level of revenue generated a divisional operating profit of £0.1m (2013: £2.7m).

Strategic development

Our objective is to continue to build the Braemar brand to be the most valued provider of knowledge and skill-based services to the shipping and offshore markets on a global basis. We have made significant steps in this direction during the year and will do so again in the year ahead.

In Shipbroking our new offices in Oslo and Houston are now integrated within the Group and are in a position to capitalise on our global network.

The proposed merger with ACM, referred to in the Chairman's statement, will transform the scale and prospects of our business. It will enable us to build on the core strengths of the Braemar business and to establish the Group as a leading player in many of the shipping sectors within the core Shipbroking market.

There are four distinct businesses within the Technical division, serving overlapping sectors of their global market. They are all successful in their own right but are stronger by working in collaboration. We are looking progressively to benefit from this combined strength, without losing the individual drive and success of the component parts.

The Logistics division – operating as Cory Brothers – has opportunities to grow through international strategic alliances and by using the Braemar office network to establish other offices overseas with new staff. Where possible established relationships are being developed internationally. Since the year-end we have sold the small Morrison Tours business, based in Leith, which provided on-shore excursions for passenger cruise ships in Scotland, as it was not a strategic fit within the division.

The Environmental division – called Braemar Howells – continues to look at ways to strengthen and improve its existing environmental consulting services while remaining alert to the potential for large project possibilities where its managerial expertise can be put to best effect.

Finally, we sold our interest in the Casbarian engineering business, based in New Orleans. The expected returns and value added to the Technical division did not justify the investment required and we therefore judged it to be no longer a strategic fit for the Group.

Outlook

The early signs of improvement in shipping markets are expected to continue and the Shipbroking division will benefit from its higher forward order book.

The Technical division is expected to make further progress in the year ahead, although growth may be lower than the year just finished which was exceptionally strong.

The Logistics division is also well placed to benefit from improving trade activity.

The proposed merger with ACM will add significantly to our prospects in future years.

James Kidwell
Chief Executive
19 May 2014

Cory Brothers Ship Agency smooths the passage of ships in and out of port.

Our Technical division helps reduce risk in the offshore industry.

Business model and strategic summary

Our vision is to build scale and enhance our service to clients by using the strength of our brand, balance sheet and stock market listing. This will enable us to be the most valued provider of knowledge and skill-based services to the shipping and offshore energy market on a global basis.

Market drivers

Global economy

Shipping market

Offshore energy market

Competitive position

Regulation

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Business model

Braemar provides expert market knowledge and professional skills and advice to clients in the shipping and offshore energy markets. We do this through a global network of consistently trustworthy and commonly branded businesses. We are practically oriented, focusing on providing technical or physical advice and services. Our income is generated through commissions, project fees or charges on an hourly basis for our expertise.

Our clients are the owners and users of vessels, insurers and major energy companies and deal in multi-million dollar projects, where our knowledge and skill can add or protect significant value. We build long-term relationships with these clients so they understand and trust in what we do for them. Each segment of our portfolio of businesses specialises in a different area of knowledge or skill but all are interconnected, complementary and often service the same client. Clients receive the same trustworthy service from all areas of the Group and as they do, so the value of the Braemar brand is enhanced. Our brand allows us to stand out among the big players in our markets and also from the myriad of smaller concerns. "Braemar" is about expertise, trust, reliability, respectability and being ethically sound, which is a very significant advantage in our markets.

We invest in technology to enhance our ability to share knowledge and skills across the Group and we take every opportunity to streamline support systems and reduce costs. Most importantly we invest in the recruitment, training and development of the people in the business. We are able to allocate capital to the differing segments in which we operate, depending on where we perceive them to be in the economic cycle and to make appropriate and enhancing acquisitions when the opportunities present themselves.

Our assets are our people, our client relationships, our reputation and brand, and our IT and its knowledge. We have no other assets to invest in, so any surplus cash is available for rewarding our people, linked to the profit they generate, investing in new people, teams or businesses, or as distributions to shareholders. Our equity listing enables us to both reward staff with deferred equity, aligning their objectives with shareholders, and to raise capital to make significant acquisitions in a fragmented marketplace.

Current portfolio drivers

The shipbroking business is driven by the number of ship transactions that we conclude and the value of those transactions. Over a long period the volume of total global trade has been increasing and therefore so has the volume of deals. The value of trades varies with the supply and demand for ships relative to the amount of trade. Most of our business is denominated in US dollars.

The more offshore and marine activity the higher requirement for our technical services. Drivers include: new investment projects including exploration activity, rig installations, newbuilding activity and ordering.

The rate of growth in global trade, the frequency of port calls and the level of capacity utilisation, all drive the performance of the logistics business.

The high level of revenues in recent years have been significant events driven. The core environmental business is driven by the increasing level of environmental and safety regulation, legislation and government training requirements.

Strategic initiatives

Strengthening the core

Maintaining a diversified portfolio

Nurturing our people

Building our scale

Exciting our clients

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Key performance indicators

Profit before tax (excluding amortisation)

Earnings per share (excluding amortisation)

Diversity of revenue

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Cost structure

Claims from errors and omissions

Reputational risks

Downturn in market conditions

Competition

Currency exposure

IT infrastructure

Cash management

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Where we operate

Braemar offices
- Shipbroking
- Technical
- Logistics
- Environmental

Global offices

67

Number of employees

894

Market overview

Braemar operates in the global shipping and offshore energy markets. The key macro-economic drivers of our market are the relative performance of different national economies, global commodity market trends, and global regulatory and trade agreements. We play a critical role in providing skills and knowledge into this ever-changing market.

Global economy

Global economic growth forecasts of 3.6% for 2014 and 3.9% for 2015 imply a slight improvement on recent years (see chart A). Rapid growth in industrialisation and urbanisation in key emerging markets (e.g. the "BRICs") led to unexpectedly strong shipping demand in the last decade. In the coming years, slower growth in emerging and middle income economies will be partially offset by a return of growth in energy production and industrial activity in the more mature economies of the OECD. For instance, the revolution in North American oil and gas production has increased long-term confidence and investment in shipping and offshore platforms.

Shipping market

The shipping market continues to suffer from overcapacity and our estimate is that on average there is about 25% more shipping capacity than demand. This overcapacity was created by over-enthusiastic ordering from 2004 to 2008 and again in 2013 and 2014 as shipowners attempt to build new, more efficient, cheaper vessels to replace obsolete and inefficient older ships. Supply growth therefore continues to run ahead of demand growth, although the latter remains positive (see chart B). The result has been that charter rates have struggled to recover from historically low levels, but that ship values have begun to increase, reflecting the increase in demand for modern, efficient, tonnage.

The market for oil tankers is changing rapidly as global flows of oil are transformed by the advent of unconventional oil. US domestic crude oil production has displaced millions of barrels of crude oil imports. Some of that displaced crude oil is now refined closer to source in the Middle East and India, while some is shipped to a growing refining market in China. Meanwhile, European refiners are closing capacity due to high costs and environmental regulations, leading to more petroleum product imports from a variety of sources. The change in oil trade has dampened demand growth for crude oil tankers, but has boosted demand growth for petroleum product tankers.

Billions of dollars of public and private equity have been issued to raise funds to build new, efficient tankers that can take advantage of changing trade conditions.

The dry cargo market is driven by many factors but the largest sub-sector relates to the carriage of iron-ore, largely from Brazil and Australia to China. Freight income in this sub-sector bottomed out in 2012 and is enjoying a slow-but-steady recovery. Asset values are also now recovering, as are newbuilding orders, for similar reasons to those observed in the oil tanker markets (see chart C).

The container market has the most overcapacity and is the one where the fleet is newest and where demand recovery is very slow. The fortunes of container shipping are closely related to global GDP levels. The market is a critical part of global trade and will improve in the long term.

All these markets, despite enduring overcapacity, have seen an influx of new capital to build new capacity. This is being driven by new technology intended to make the ships more efficient and more eco-friendly. In a number of cases these changes are required to meet new legislation. However, the greater efficiency of some new designs has yet to be proven.

The capacity of the shipping market is also influenced by the speed at which a ship travels. Over recent years, slow steaming has become more and more common and we estimate that there is capacity available in the fleet by returning to normal speeds. While we are optimistic that the markets are on a recovering trend, we do not think this recovery will be strong for the foreseeable future.

Offshore energy market

We service the offshore energy market both by providing broking services over the specialised vessels required and by providing skills and knowledge in engineering and surveying of the complex and risky processes involved. As the search for oil and gas continues to grow and pushes into ever more remote areas of the globe, so the demand for our services increases. We expect growth to continue for the foreseeable future.

Competitive position

All shipbroking companies earn similar levels of commission as a percentage of transaction values. When charter rates and asset prices move up or down, all shipbroking companies benefit or suffer to a similar degree. A growing world fleet of merchant ships represents a growing marketplace in volume terms. However, cyclical freight markets and volatile asset prices complicate the picture, forcing shipbroking companies to adjust their strategies to maintain profitability and market position.

Shipbrokers maintain their market position most easily by improving productivity (transaction volumes and income per capita). They also employ a number of tactics to differentiate themselves from the competition. They emphasise certain value-added characteristics and services, such as ancillary businesses like our Technical Services division, or market research and advisory services, such as our Research function, or quite simply by establishing greater experience and market knowledge in the broking staff than their competitors can muster.

Braemar Seascope protects its leading position in the market by attracting and retaining experienced and expert broking staff, by developing its Research function and associated investments in Information Technology to deliver market knowledge and intelligence to our clients more efficiently, and by owning a variety of complementary ancillary businesses. Each of these key differentiators is regularly under review and all are currently subject to investment in order to develop further our competitive position.

Regulation

The shipping markets are subject to a number of regulations which aim to standardise best practices in ship operation, to protect lives at sea, to preserve the marine environment and to reduce global warming gas emissions. In the coming years, we anticipate that the convention to reduce sulphur emissions and the requirement for the treatment of ballast water will lead to more investment in fleet renewal and an acceleration of demolition of certain ships which will be replaced with new designs.

A: Gross Domestic Product

B: Major Seaborne Cargo Developments

C: Braemar Seascope Bulk Carrier Price Indices

Strategic initiatives

Our vision is to build scale and enhance our service to clients by using the strength of our brand, balance sheet and stock market listing. This will enable us to be the most valued provider of knowledge and skill-based services to the shipping and offshore energy market on a global basis.

There are five key elements to our action plan to deliver this vision:

Key element	Description
Strengthening the core	– We build our core businesses through acquiring individuals or teams when and where we believe there is opportunity.
Maintaining a diversified portfolio	– This spreads risk and smooths the impact of economic cycles. – We have developed from a small private shipbroking entity into a multi-service shipping services group over the last 15 years. – Each segment of our portfolio covers a different area of knowledge or skill but all are interconnected, complementary and often service the same client. – Our diversification is practically oriented, focusing on providing technical or physical advice and services.
Nurturing our people	– Our people are the key asset of our business. Everything we do is founded on their commitment, knowledge, skills and abilities. – We are significantly increasing the investment in training, recruitment, retention and development of our people. – Where appropriate, we give them experience in other parts of the Group. – We are increasing the availability of information on the activities of different segments to others in the Group. – We are increasing the level of share ownership through the use of share-based reward schemes.
Building our scale	– In a highly fragmented marketplace, standing out and being known for the right things confers very significant advantage. – We are investing in the development and careful management of the global Braemar brand. – We are simplifying and consolidating our back-office activities, taking advantage of our scale. – We are developing a Group intranet to improve internal communication.

Exciting our clients	– Repeat business is one of the most effective paths to sustainable growth.
	– We are targeting this by:
	  – Providing value-added services and effective risk management of their assets.
	  – Developing a global brand.
	  – Enhancing the provision of a broader suite of services.
	  – Helping them to execute business by equipping them with valuable facts and insight.
	  – Increasing the availability of information through our website.

Key performance indicators

The Braemar business is built on the creation of profit and the delivery of value to shareholders. For many years our KPIs have, therefore, been Profit before tax and EPS and these are reflected in our remuneration policy. As we developed the group we have added other, relevant KPIs, starting with diversity of revenue.

Profit before tax (excluding amortisation)

Earnings per share (excluding amortisation)

Diversity of revenue

Resources and relationships

At the heart of everything that we do are our clients and our people. Over time we build the efforts of our people into the value of the Braemar brand and we support this by the continual development of our intellectual property – our knowledge base.

Our client relationships
Our clients rely on us to provide insight into the marketplace and skilled expertise in applying knowledge and skills to their advantage. They require us to be absolutely trustworthy and professional in everything that we do. We provide a broader range of services than the majority of our competitors. This enables us to build a broad-based reputation for knowledge, skill and trustworthiness around the Braemar brand.

We have a number of sub-sectors in our business where our knowledge, skill and relationships mean that we are able to provide services to our clients better than any of our competitors. This is not the case in all sub-sectors or geographies and this provides a significant opportunity to grow and enhance the value of the brand.

Braemar's shipbroking client base is diverse and international. It includes major shipowners, operators, shipyards, energy companies, miners, banks and other financial institutions. In recent years the emergence of major players in the Far East has shaped the market.

The client base for our technical services is similarly diverse but includes many overlapping sectors. Energy companies, insurers and P&I Clubs are the largest clients in this sector.

Our logistics clients include many in common with shipbroking in the ship operations and energy sectors. In addition, we provide services to major multinationals looking for logistic solutions.

The client base for Environmental is currently limited to a small number of UK institutions and certain oil companies and insurance clubs. The Group connections provide opportunity to expand this base.

Our people
Throughout the Braemar Group, the relationship with our employees underpins our operations. Having a workforce that is motivated, skilled, engaged and safe is key to our success and ensures that all of our staff are empowered to realise their potential.

The involvement of employees in the Group's performance is encouraged, where appropriate, through participation in an annual discretionary bonus and share option schemes including both the UK and International Save As You Earn schemes.

The Group is committed to providing a fair and professional workplace for all of its employees and to ensuring high professional standards which is achieved through the application of its employment policies throughout the Group. These cover, among other things, issues such as equal opportunities, bullying, harassment and whistleblowing. The Group aims to provide equal opportunities for all employees so that they can work without discrimination on the grounds of race, religious or political beliefs, marital status, age, gender, sexual orientation or disability.

As at 28 February 2014, there were seven Directors of Braemar Shipping Services plc, all of which were male.

Out of the 936 staff in the Group, 27% were female with 14% of senior management being female.

The Group continues its excellent safety performance. Braemar Howells has achieved zero RIDDOR accidents and lost time injuries in the last six years and has received no fewer than eleven consecutive British Safety Council Awards in recognition of safety progress and performance, including a 5 STAR safety assessment grading in 2013.

We recognise that staff in our Technical, Logistics and Environmental divisions operate in higher risk environments and each of these divisions employs full time, professional health and safety staff specialised in their respective areas of business. Both Braemar Howells and Cory Brothers in the UK have accreditation to ISO BS OHSAS 18001 occupational health and safety management standard and Cory Brothers also has the ISO 14001 environmental standard.

Our disciplined approach ensures that risks to which staff and contractors are exposed, are reduced to the minimum possible without:

- causing harm to staff, clients and third parties;
- damaging assets and thereby causing consequential business/financial loss;
- adversely affecting the environment; and
- damaging Group companies' reputations.

Our reputation and brand
Following a period of rapid growth by acquisition in recent years, a key part of integrating the new additions has been bringing the expanded Group together under a common Braemar name. We have worked to achieve this while at the same time ensuring that the positive associations of the Cory Brothers and the Salvage Association brands, both over 100 years old, are retained and nurtured. This work has delivered a growing recognition in the marketplace of Braemar as a strong brand associated with expertise, trust, reliability and ethical conduct across a range of service areas. Developing and managing these positive brand associations is key to our strategic objective of building our scale and standing out in a fragmented marketplace. We are currently building on the strong reputational and brand foundation we have established for Braemar to update the Group and divisional brands with a clean, contemporary and consistent visual language and messaging across print and digital communications.

Our processes, procedures and knowledge
We have developed world-class, proprietary processes and procedures across our chosen markets. This means that our clients have access to know-how, experience and proven techniques to match all of their required tasks.

This skill set is supported by comprehensive market information and bespoke analytical research and insight through modelling and forecasting which provide competitive advantage to our clients by allowing them to take informed decisions based upon sound, commercially aware and up-to-date intelligence on trade and the supply and demand for tonnage and commodities.

Our social and environmental impact
As a relatively small services Group we have a small direct footprint in terms of human rights, social, and community issues, but we recognise that the markets in which we operate have a considerable impact in these areas and our behaviour and advice can have a positive effect.

Human rights, ethical and anti-bribery issues
The Group is committed to undertaking business to the highest standards and has very clear ethical guidelines which are issued to all Group companies in both English and local languages where appropriate. The compliance with these ethical guidelines is monitored by the Audit Committee, and through the Group's internal audit procedures. The Group has a total prohibition on the payment of any kind of bribe and a programme of internal training is in place to ensure that all staff are aware of the Group's policies.

Community
As we operate from small offices across the globe, our policy is to focus on the maritime industry as our "community". The Group continues to provide support for young people who wish to embark upon a career in the maritime industries through support for students at universities studying maritime courses and guest lecturing at universities. We believe that training future generations for a career in the maritime industry is vital.

Environmental
We provide a variety of environmental consultancy to our clients and indeed one of our divisions is primarily concerned with this as its main activity. In shipbroking we advise on the recycling of ships at breakers' yards with acceptable standards. Two Group companies have ISO 14000 accreditation, a standard for environmental management and are rightly proud that this demonstrates a commitment to minimising any negative impact on the environment.

We are not heavy users of resources or producers of waste and emissions. We have a policy to minimise and monitor these, such as they are. An assessment has been made of the quantities of greenhouse gases produced through use of electricity and gas in offices as well as car usage during work times. Through our increasing use of video conferencing across the Group we are endeavouring to avoid unnecessary air travel.

In accordance with the requirements of the Greenhouse Gas Emissions (Directors' Reports) Regulations 2013 we have made a calculation of Scope 1 and Scope 2 Emissions based on our consumption of Greenhouse Gas for the year ending 28 February 2014.

The Group consists of predominantly office based activities in the UK and throughout 19 countries overseas. Based on recorded consumption from financial data, declared values have been calculated using published energy statistic tables from Defra. Some estimates have been made using ECON 19 benchmarking where utilities are included in rents paid for premises.

The figures include calculations for CO_2, CH_4 and N_2O gases. The Group does not currently consume or utilise PFC or SF_6.

In calculating our Greenhouse Gas consumption the Group has mainly utilised data from our financial records and converted this into actual consumption using the tables published by Defra in the UK. Where leasehold offices are fully maintained and we do not pay for utilities directly, we have used standardised benchmarking techniques. Consideration has been given to Scope 1 and 2 of the regulations which cover power and energy usage and direct transportation costs of its employees during the course of their business activities (see table below).

The volume of tonnes of CO_2e produced per head in the Group during the year was 1.28 tonnes.

Environmental aspect	Total tonnes CO_2e
Overseas electricity	246
United Kingdom electricity	624
Natural gases	53
Fuel – diesel/petrol	271
	Total tonnes CO_2e = 1,194

A detailed breakdown of the calculation is available on request.

Principal risks and uncertainties

A review of risks and uncertainties affecting all areas of the Group is prepared for consideration annually by the Audit Committee and appropriate actions are taken to address the risks identified. This information is aggregated and considered from the point of view of its impact on our business model and strategy, and the resources required to make them work.

The Board monitors these risks continuously and considers its appetite and tolerance for them in the light of their potential impact, positive or negative, on the Group.

The chart opposite shows a map of our principal risks and uncertainties against their likelihood of crystallising and their potential impact should they do so. The table sets out the risks and uncertainties in more detail, discussing their implications and our current and future mitigating activities.

Risk heat map ● Before mitigating action ■ After mitigating action

1 Staff retention
2 Succession/key person reliance
3 Cost structure
4 Claims from errors and omissions
5 Reputational risk
6 Downturn in market conditions
7 Competition
8 Currency exposure
9 IT infrastructure
10 Cash management

Name	Description	Implication	Control/mitigating actions
1 Staff retention	The ability to retain the most important and high-quality staff in the business.	If the best staff leave, they may take "their" business with them resulting in a loss to the Group.	Market competitive remuneration packages (including equity in the plc company), staff contractual terms, focus on staff development and team motivation.
2 Succession/key person reliance	Reliance on key people in some businesses.	Business value and earnings could be lost if key people leave.	Ongoing focus across all businesses as to who successors are to key personnel.
3 Cost structure	Cost structure, in terms of both overheads and staff costs may not flex sufficiently with changing market circumstances.	Despite management action to reduce costs to minimum levels, extended poor market conditions can mean lower profits, staff bonuses and dividends to shareholders.	There is a focus on overheads in the businesses to ensure they are appropriate. Management take strategic decisions to fund during weak markets or exit/seek to consolidate.

Name	Description	Implication	Control/mitigating actions
4 Claims from errors and omissions	All businesses deal with high-value client assets so any error could result in a loss and potentially lead to a claim.	Potential financial loss from the specific error or omission that could lead to legal action and/or loss of reputation.	Contractual terms and conditions; review of non-standard contracts; insurance cover; staff training; appropriate corporate structure.
5 Reputational risk	Damage to the Braemar brand.	If the Braemar brand is damaged it may result in loss of business.	Generally, no part of the Group is so significant that senior management are unaware of actions of their staff. In addition, management carry out site visits and Internal Audit reviews take place.
6 Downturn in market conditions	All our businesses are subject to global forces, in particular the impact of China.	A downturn in the world economy may result in lower activity and rates.	A combination of the Group's strategy of diversification and being a market leader to protect market share.
7 Competition	There is always the risk from increased competition across all our businesses.	All divisions fight to attract and retain the best talent. Failure to win in this battle will lead to the loss of people and earnings.	Continuing to provide a quality service and quality working environment.
8 Currency exposure	A considerable amount of our income is earned from US$ denominated transactions, while most of our costs are not US$ denominated.	The Group is still exposed to US$ fluctuation which can be positive or negative.	FX movements are monitored and short-term hedging is in place over a twelve-month period.
9 IT infrastructure	IT and communications are central to our ability to do business. Without efficient systems, the effectiveness of our staff may be impaired.	Poor IT systems result in the risk of losing information and if unable to provide an efficient service to our clients, could ultimately result in loss of business, potentially permanently.	IT backup and remote access; office and IT security. Experienced, competent IT staff.
10 Cash management	In some areas of the business, the time taken to invoice clients for chargeable time can be slow. Debt collection: there is an exposure across the Group to recoverability of debtors.	The slow recovery of debts results in lower liquidity and potentially less flexibility to meet new challenges.	Ongoing debtor monitoring occurs across the Group and where necessary senior management intervene to assist in recovery of debtors.

Shipbroking
Braemar Seascope

Braemar Seascope's brokers use their close understanding of the workings of the markets to ensure their clients meet market challenges head-on and with confidence.

Revenue
-12%
£40.9m

Divisional operating profit
-51%
£2.6m

Offices
+ London
+ Singapore
+ Aberdeen
+ Beijing
+ New Delhi
+ Genoa
+ Houston
+ Melbourne
+ Oslo
+ Perth
+ Shanghai

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

Employees by location

282
employees

1. Europe – 56%
2. Asia Pacific – 42%
3. USA – 2%

Deep Sea Tankers
During the first half of the year deep sea freight rates remained weak, largely due to the effect of overcapacity in the market which had an adverse impact on revenue. The improvement in the second half was reflected in the Baltic Dirty Tanker Index which increased to an average of 762 in the second half of the year compared with an average of 631 in the first half. The recovery in freight rates was driven by the trend for slow steaming which helped spread the tonnage and by an improvement in market sentiment. Very Large Crude Carrier ("VLCC") rates have been relatively weak so far in 2014 partly due to seasonal refinery maintenance in the Far East, but mainly due to oversupply. Both the Suezmax and Aframax sectors have seen sporadic rate spikes during the year mainly because of geo-political tensions which cause nervousness over oil supply. Our volumes remained high throughout the year in the crude sector and there is greater confidence in the market than twelve months ago and we expect some improvement in 2014/15. The clean product tanker market has generally been steady over the year and our volumes in the Far East grew throughout the year, in particular with increased freights from longer haul voyages.

Specialised Tankers
Our Specialised Tanker department covers the transportation of smaller parcels of products, chemicals, petrochemical gases, LPG and LNG with the majority of business conducted within Europe. Overall, the results were similar to the previous year but the forward book has grown substantially from the conclusion of significant long-term charter business exporting shale gas from North America to Europe most of which commences in 2015. The outlook is encouraging with signs that revenue will improve next year from business generated on the spot market and contract business being renewed at higher freight rates, reflecting wider market sentiment. We opened a new office in Oslo in the second half, which is generating increased interest and we are expecting an improved performance next year.

Offshore
Our Offshore department delivered a strong performance this year, benefiting from an active market around the world which we service from our offices in London, Aberdeen and Singapore. The number of transactions completed increased by 20% in the year and the Aberdeen office recorded its highest number of fixtures since 2010. This was, in part, due to a prolonged period of bad weather in the North Sea which effectively extended the length of time vessels were on hire as they took longer to complete their work. The Offshore sale and

purchase team also concluded a record number of deals in the year, providing a significant boost to the department's revenue and profit.

Dry Bulk
Although the dry bulk chartering market has struggled with overcapacity, rates improved during the course of the year, such that the Baltic Dry Index averaged 962 in the first half and 1,642 in the second, with 1,299 as the average for the year as a whole (2012/13: 901). A significant proportion of our revenue from dry bulk is generated by our offices in Australia. We strengthened our team in Singapore in the year especially on the Capesizes and have seen an improvement in the second half of the year driven by significant restocking of iron ore in China. The team also concluded some good long-term contract business which will provide a good basis to work from in the coming year. Following an encouraging start to the year, freight rates have fluctuated as stockpile levels reach record highs. We expect to see a strengthening of the dry market once again in the second half of the year.

Containers
A steady stream of new, larger vessels delivered into the market has meant that the rates in the chartering market have remained low. However, some relief for the market has been afforded through the demolition of uneconomic vessels. In the smaller, sub-panamax sector demand remains steady and there is a reasonable expectation that rates may improve as the year progresses. While, the weak market has been challenging for chartering, it has provided opportunities for sale and purchase in which we have been active through the year.

Sale and Purchase
Revenue from our sale and purchase team, which is mostly generated from the sale of second-hand tankers and bulk carriers, was lower this year than the previous year, reflecting what may prove to be a low point in asset values. In 2013 there was a surge in newbuilding orders as significant funds were raised in the public markets to take advantage of new "eco" designs and advantageous pricing. We were able to conclude a good volume of newbuilding business during the year which will benefit future years. We expect revenue in sale and purchase to improve in 2014/15 on the back of these orders.

Our demolition desk had an active year, although the general improved sentiment in both the wet and dry freight markets has led to owners delaying plans to scrap older vessels reducing demolition activity.

Top: Our offshore brokers continue to hold a leading position in supply boat chartering.

Bottom: The shipbroking division has expanded its tanker chartering activities in the US.

Technical

Braemar's Technical division provides energy loss adjusting, surveying, marine engineering and consultancy services. It employs 330 people in 27 offices across 19 countries.

Revenue
+22%

£40.0m

Divisional operating profit
+82%

£6.8m

Offices

+ Abu Dhabi
+ Accra
+ Bangkok
+ Calgary
+ Cape Town
+ Dubai
+ Hong Kong
+ Houston
+ Jakarta
+ Kuala Lumpa
+ Lisbon
+ London
+ Miami
+ Mumbai
+ New York
+ Perth
+ Piraeus
+ Rio de Janeiro
+ Rotterdam
+ Shanghai
+ Shenzen
+ Singapore
+ Tianjin
+ Varna
+ Vung Tau

Services

+ Marine warranty services
+ Energy loss adjusting
+ Marine engineering, structural engineering and naval architecture
+ Marine consultancy
+ Vessel and condition surveys
+ Marine casualty investigations
+ Ship construction supervision
+ Failure mode and effect analysis
+ Marine cargo surveys
+ DP Audits
+ Shipyard risk assessments
+ Towage approvals
+ Claims, dispute and litigation support

Employees by location

330
employees

1. Europe – 25%
2. Americas – 14%
3. Asia Pacific – 54%
4. Africa/Middle East – 7%

The Technical division had a very strong year with revenues increasing by 22% and divisional operating profit by 82%. The biggest contributor to the divisional profit was Braemar Offshore, while Braemar Engineering also made a significant contribution, and Braemar Adjusting and Braemar SA both reported an improved performance.

Braemar Offshore

Braemar Offshore had an exceptionally busy year and reported an excellent performance from both the marine warranty survey and offshore engineering activities, with overall revenue growing by 30% over the previous year. The increase was due to the higher number of offshore construction projects and rig moves in the Asia Pacific region. Revenue from marine warranty surveying work remained the core revenue driver for the business contributing more than two thirds of the total. The business has continued to develop its eight offices across the Asia Pacific region and has reduced the reliance on the historic key revenue generators. It has steadily increased the headcount in these offices to support the revenue growth and now employs over 150 staff across the region. The pace of revenue growth will be slower in the year ahead but the business is now well positioned for long-term expansion.

Braemar Adjusting

Despite a relatively quiet year for significant incidents in the energy sector, Braemar Adjusting still achieved higher revenues than the previous year. An uneventful hurricane season in the Gulf of Mexico affected the performance of the office in Houston, but the offices in Rio de Janeiro and London performed largely as expected and Calgary performed strongly too. Activity levels in China and Indonesia had an impact on utilisation rates in Asia and after a slow start for the new office in Dubai, it finished the year strongly. The business has focused heavily on strengthening its teams across its office network and with key new management and personnel now in place, the prospects for 2014/15 are good.

Braemar (incorporating the Salvage Association) – Braemar SA

Braemar SA has recorded an increase in activity and profits, with an overall increase in revenue of 15%. This was despite a reduced level of total global marine casualties being reported by clients, indicating a growth in the Company's market share. The improved performance was driven by an increase in the number of instructions resulting in an increase in chargeable time over the previous year. The largest increase in the number of cases has come through the London insurance market, with the business won being distributed to all regions to conduct. The increase of local cases won in the Far East region by 29% has also boosted the business's overall result, while in the Americas region work undertaken has, on average, been at a higher value due to the more complex nature of the instructions. Over the year we increased the number of experienced staff in order to deliver the higher volume of work and to support continued growth in activity. This is paying off and the current year has started well.

Braemar Engineering

Braemar Engineering is a world leader in LNG, both onshore and afloat. Within this context, it is also the leader in LNG carrier design and construction supervision. It is this reputation that has provided the business with the platform that has resulted in 2013/14 being the most successful year in its history, with strong performances from both the UK and US offices. In the first half of the year the team in the UK started work on a three-year contract for the design and site supervision to build six LNG carriers as well as providing training for local staff. The design and plan approval stage has now been completed and construction oversight, commissioning and delivery commenced in March 2014. Our office in Houston is developing a large range of projects and is involved in a project to develop the world's largest floating LNG production and export facility as well as the development of several potential LNG export and bunkering facilities in the USA. Both offices are forecasting a higher level of activity for the next couple of years and have seen a strong start to the current financial year.

Our adjusters are well equipped to provide expert advice to clients.

Logistics
Cory Brothers

Cory Brothers Shipping Agency provides ship agency, freight forwarding and logistics services within the UK and Singapore. Cory has extensive industry experience and maintains a worldwide reputation for customer care and insistence on the highest standards. An in-depth knowledge of client requirements across the division ensures the delivery of a first-class service.

Revenue
+4%

£38.9m

Divisional operating profit
-1%

£2.0m

Offices in the UK
+ Tilbury
+ Felixstowe
+ Bebington
+ Billingham
+ Bristol
+ Cardiff
+ Edinburgh
+ Falmouth
+ Grangemouth
+ Hull
+ Immingham
+ Ipswich
+ Isle of Grain
+ Milford Haven
+ Newport
+ Sheerness
+ Southampton
+ Teesport

Offices overseas
+ Singapore

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

Employees by location

223
employees

1. Europe – 95%
2. Asia Pacific – 5%

Revenue in Cory Brothers increased by 4% to £38.9m and divisional operating profit was unchanged at £2.0m. The revenue was generated by the ship agency business and the division's forwarding activities, both making a contribution despite fiercely competitive markets.

Ship Agency
The ship agency business services UK ports, the port of Singapore and has joint arrangements with agency partners in Brazil and Gibraltar. It has developed organically by expanding its European and global hub agency businesses with new and existing major customers. Underlying trading at all UK ports remains consistent month on month and we expect to see some improvement through 2014/15 in line with the market. We also aim to grow our overseas presence with further collaborations and hub agency operations.

Forwarding and Logistics
The forwarding and logistics operation maintains a global logistics network which enables it to provide a number of logistics solutions for its customer. These include seafreight, airfreight, contract logistics, import custom clearance and track and trace solutions.

The logistics industry continued to feel the impact of sluggish economies. It trades in a competitive and price sensitive market, with unusually volatile seafreight rates, margin and cost pressures. Despite the challenging environment, Cory Brothers was able to sustain its position and increase its revenue on the prior period. The number of forwarding jobs increased by 8%, although the container consolidation element of the business fell by 21%, mainly due to European overland business and economic weakness in Spain. The liner business provided support for 585 voyage calls during the year, broadly equivalent to the previous year.

The division's strategy continues to focus on regional and industry-specific growth segments whilst providing the clients with exceptional customer service. A new reefer department has been established to target the perishables logistics segment and contract logistics continues to be a key target, ensuring management are able to react more quickly and efficiently to the demands of the market.

Environmental
Braemar Howells

Braemar Howells provides global support to both government bodies and industry. Experienced and skilled teams are available around the clock to respond rapidly, safely and effectively to all types of incidents offshore and onshore.

Revenue	Divisional operating profit
-75%	-96%
£5.8m	£0.1m

Offices

+ Barnsley
+ Bristol
+ Didcot
+ Dundee
+ Harlow
+ Lagos
+ Luanda
+ Milford Haven
+ Perth
+ Truro

Services

+ Pollution control
+ Incident response
+ Salvage support services
+ Marine and port services
+ Accredited oil spill training
+ Environmental consultancy
+ Crisis management and emergency response advisers
+ Industrial services and tank cleaning
+ MARPOL waste reception facilities
+ HAZMAT response
+ Contingency planning
+ Response facility management

Employees by location

55
employees

1. Europe – 80%
2. Africa/Middle East – 20%

The work on the *RENA* was completed successfully in February 2013, and without a significant replacement project, the division's activity and revenue reverted to a more routine level achieving a divisional operating profit of £0.1m.

The division's core skill continues to be its 24/7 availability to respond quickly to incidents (maritime, rail and road) that require its specialist skills to coordinate and implement a structured response, in order to minimise the environmental damage in sensitive situations. It also provides worldwide hire of oil spill response equipment as well as consultancy services including advice on MARPOL waste reception facilities. As the work load increases the business is able to flex its workforce as required to cater for this.

Revenue from UK Operations has remained at the same level as the previous year with work including tank cleaning and waste reduction measures, as well as ad hoc incident responses. Braemar Howells was also recently able to give assistance to customers in flood prevention and subsequent clean-up following the recent floods in the UK in January and February 2014. Overseas consultancy continues to grow in West and Central Africa.

Braemar Howells provided assistance with flood prevention and clean-up during the floods in the UK in January and February 2014.

Financial review

Martin Beer ACA
Group Finance Director

Our diversified portfolio delivers financial stability in changing times.

Summary Income Statement

	2014 £'000	2013(1) £'000	2012(1) £'000
Revenue	**125,531**	139,684	131,457
Cost of Sales	**(31,758)**	(43,599)	(36,813)
Operating costs	**(82,252)**	(82,306)	(81,554)
Divisional operating profit	**11,521**	13,779	13,090
Unallocated costs	**(2,238)**	(2,951)	(1,953)
Non-recurring items	**-**	–	69
Amortisation of other intangible assets	**(432)**	(1,498)	(1,435)
Operating profit	**8,851**	9,330	9,771

Financial highlights

	2014 £'000	2013 £'000	2012 £'000
Shipbroking			
Revenue	**40,866**	46,362	49,813
Divisional operating profit	**2,635**	5,348	7,121
Operating profit margin	**6.4%**	11.5%	14.3%
Employee numbers	**286**(1)	289	299
Technical(2)			
Revenue	**40,032**	32,688	29,937
Divisional operating profit	**6,798**	3,744	2,247
Operating profit margin	**17.0%**	11.5%	7.5%
Employee numbers	**330**	306	306
Logistics			
Revenue	**38,917**	37,495	37,630
Divisional operating profit	**1,981**	2,006	1,888
Operating profit margin	**5.1%**	5.4%	5.0%
Employee numbers	**223**	228	228
Environmental			
Revenue	**5,771**	23,399	14,529
Divisional operating profit	**107**	2,681	1,857
Operating profit margin	**1.8%**	11.5%	12.8%
Employee numbers	**55**	52	52

(1) Includes Central.
(2) Excludes Casbarian.

Overview
Group revenue from continuing operations fell in the year compared with 2012/13, due to the absence of the work carried out in the Environmental division on the *RENA*, the impact of which was described in detail in last year's annual report. Underlying revenue has continued to increase and although revenue in shipbroking in the year under review fell, reflecting the low point in the shipping cycle, the strong performance by the Technical division made up for this shortfall.

Discontinued operations
Following the poor performance of Casbarian, particularly in the second half of the year, Braemar undertook a review of its operations and concluded that the strategic fit with Braemar's Technical division was not sufficiently strong to justify further investment. In February 2014, the Group decided to exit the business and reached an agreement to dispose of Casbarian to the local management team. This divestment was concluded in March 2014. As a consequence, the results of Casbarian have been presented as a discontinued operation in the income statement and the net assets and liabilities shown as held for sale on the balance sheet. Losses from discontinued operations were £1.4m and the loss on disposal was £0.8m.

Direct and operating costs
Cost of sales consists of freight and haulage costs incurred in the Logistics division, payments to sub-contractors and materials, and other costs directly associated with the revenue to which they relate. The significant reduction in the level of costs of sales in comparison to the previous year is due to completion of the work on the *RENA*. The underlying level of cost of sales (adjusted for the *RENA*) has increased by 6% and is due to the higher level of activity in the forwarding business in the Logistics division and an increase in sub-contractor costs in the Technical division to support the higher volume of work undertaken by Braemar Offshore.

Operating costs were similar to last year despite the higher number of staff employed in the Group, reflecting the focus across the Group on cost efficiency in the year. Margins in Shipbroking were lower which illustrates the tough markets in which the division has been operating and the reduced number of contracted vessels brought forward from previous years. The profitability of the Technical division has improved, driven by the performance in Braemar Offshore where much of the higher volume of project work has been achieved using existing staff. Logistics has performed steadily, and the Environmental division has reverted to a low level of profitability in the absence of a significant revenue generating event. Costs in this division are kept under close scrutiny in order to ensure the business carries a level of overheads appropriate to its needs, while still being ready to react quickly should a significant project arise.

Unallocated costs fell in the year reflecting the full year impact of the Board and management changes that were made in 2012/13.

Balance sheet
Net assets at 28 February 2014 were £65.3m (2013: £69.8m). The value of the Group balance sheet has been significantly affected by the strengthening of the pound during the year, the Group's reporting currency. As the Group's network of offices across the world has expanded significantly in recent years, there has been an increased amount of assets held in overseas currencies. The effect of retranslating these assets at 28 February 2014 into the Group's reporting currency has resulted in a reduction of the value of the balance sheet by £4.4m (2013: increase of £1.1m).

Within working capital, trade and other receivables increased during the year reflecting the higher level of revenue in the final quarter of 2013/14 compared to the previous year. The value of the provision against trade receivables fell from 9.3% to 8.1%, and reflects an improvement in the ageing profile of the debt at 28 February 2014. The Group will continue to drive for improvement in debt collections and expects the investment in IT infrastructure to support this initiative.

The value of intangible assets arising from acquisitions has now reduced to £0.7m and as a result the amortisation charge in respect of these assets will reduce to approximately £0.3m in 2014/15.

Cash flow and Treasury management
The Group is cash positive and at 28 February 2014 had cash balances of £13.7m (28 February 2013: £23.3m) and no debt. The level of our cash has fallen during the year which can largely be explained by a £4.4m investment in working capital, a £2.8m reduction to the accrual held to meet the Group's bonuses and a £3.2m foreign exchange effect. Immediately after the year end £2.0m was received relating to our LNG contract in Braemar Engineering. Net tax payments in the year were lower due to tax recovered in relation to payments made in previous years and the Group incurred £1.3m on capital expenditure.

The normal cycle of cash for the Group follows a pattern whereby a higher proportion of cash is earned in the second half of the year following payments of the final dividend to shareholders as well as staff bonuses in the first half.

Foreign exchange
The US dollar exchange rate relative to sterling moved by 10% in the year from US$1.52 at the start of the year to US$1.68 at the end of the year. The average rate of exchange for US dollar-denominated Shipbroking earnings was $1.58/£ (2013: $1.56/£). The effect of this movement impacted earnings to some extent, but the Group's treasury policy mitigated the full impact of the movement in the US dollar in the year by approximately £0.3m due to forward cover held from earlier in the year. Shipbroking revenues, denominated in US$, remain exposed to the US$/£ exchange rate in the long term.

Taxation
The Group's effective tax rate in relation to continuing operations in 2013/14 was 25.7% (2013: 25.4%). The rate is higher than the UK standard rate of corporation tax of 23% mainly due to disallowed expenses. The Group's profits are spread across a number of jurisdictions with both higher and lower tax rates. In the US, the US tax group made losses in the year, mainly due to the results from the discontinued operation, Casbarian. The resultant deferred tax asset is recognised in the Group's US tax group and will be used to offset future taxable profits in the US. In the UK it is expected that the further reduction of the rate of corporation tax from 23% to 21% in 2014/15 and the cut from 21% to 20% by April 2015 will reduce the effective tax rate in future years.

Directors' approval statement

The strategic report, as set out on pages 1 to 25, has been reviewed and approved by our Board of Directors.

Martin Beer ACA
Finance Director and Company Secretary
19 May 2014

Board of Directors

Non-executive Directors

1. Sir Graham Hearne CBE (76)
Chairman

Committee memberships: None.

Background and relevant experience: Qualified solicitor, formerly Chairman of Enterprise Oil plc and Catlin Group.

Current external appointments: Non-executive Director of Rowan Companies plc and Genel Energy plc.

2. John Denholm CA (58)
Non-executive Director

Committee memberships: Chairman of the Remuneration Committee, member of the Audit and Nominations Committees.

Background and relevant experience: A Chartered Accountant, currently Chairman and Chief Executive of J&J Denholm Limited.

Current external appointments: Chairman and Chief Executive of J&J Denholm Limited, Director of Anglo Eastern Management Group Limited and Hadley Shipping Group Limited and a member of the Executive Committee and President of the Baltic International Maritime Council.

3. Alastair Farley (68)
Non-executive Director and Senior Independent Director

Committee memberships: Chairman of the Audit Committee, member of Nominations and Remuneration Committees.

Background and relevant experience: Qualified solicitor and a founding partner of Watson, Farley & Williams LLP, a firm of international lawyers, and senior partner from 1982-1999. He remains a senior adviser there. Formerly a non-executive Director and Chairman of the Audit Committee of Close Brothers Group plc.

Current external appointments: Chairman of Seaguard Offshore Group, Director of Nautilus Holdings Limited, Gyroscopic Fund Limited and senior adviser to Chandris Group.

4. David Moorhouse CBE, FNI (67)
Non-executive Director

Committee memberships: Chairman of the Nominations Committee, member of the Audit and Remuneration Committees.

Background and relevant experience: Former Executive Chairman of Lloyd's Register, former Chairman and Chief Executive of the Process Division of the Kvaerner Group, former Board Member and Deputy Chairman of the Department for Trade and Industry's Offshore Supplies Office and a life member of the UK's Foundation for Science and Technology.

Current external appointments: Trafalgar House Trustees Limited, Deputy Chairman of Maritime London, Director of OAO Sovcomflot and a Director of James Fisher & Sons plc.

Executive Directors

5. James Kidwell FCA (52)
Chief Executive

Background and relevant experience: Chartered Accountant. Formerly Finance Director of Boosey & Hawkes Music Publishers Limited and Group Financial Controller of Carlton Communications plc. Finance Director of Braemar Shipping Services plc from 2002 until his appointment as Chief Executive in June 2012.

Current external appointments: None.

6. Denis Petropoulos (57)
Executive Director – responsible for Braemar Shipping Services plc's Asian interests and based in Singapore.

Background and relevant experience: Trained and worked in Horace Clarkson PLC from 1977-1985. Established Braemar Tankers in 1986.

Current external appointments: Member of Intertanko's Associate Members Committee.

7. Martin Beer ACA (51)
Group Finance Director

Background and relevant experience: Chartered Accountant. Formerly Finance Director of Unigate Dairies Ltd and from 2002 Group Finance Director of Uniq plc.

Current external appointments: None.

Corporate Governance Statement

Chairman's Introduction
We are committed to achieving a high standard of corporate governance within the Group. We believe this is essential to sustain our reputation and the continuing trust and support of our shareholders, employees, clients and other stakeholders.

The Board endorses the main principles and provisions set out in the Code issued by the Financial Reporting Council in 2012 ("the Code"). This statement together with the Directors' Remuneration Report on pages 31 to 45 describes how the Board and its sub-committees operate and how the Company has applied the Code during the year ended 28 February 2014.

Sir Graham Hearne CBE
Chairman
19 May 2014

Compliance
The Board believes that the Company has been compliant with the Code throughout the year, with the exception of B.1.1 on non-executives serving for more than nine years. John Denholm has served on the Board for 12 years and will be retiring at the Annual General Meeting. David Moorhouse CBE has served on the Board for nine years and we believe that he remains wholly independent in character and judgement, with no relationships or circumstances that are otherwise likely to affect or appear to affect his judgement.

The Listing Rules require that we state how we have applied the Main Principles set out in the UK Corporate Governance Code. This information is set out on our website and the required detail on specific Code Provisions is set out in this Corporate Governance Statement. The UK Corporate Governance Code is publicly available on the FRC's website at: www.frc.org.uk.

Shareholder Relations
The Board recognises the importance of maintaining good communications with shareholders. For several years the Group has pursued an active investor relations programme conducted primarily through regular meetings of the Chief Executive and Finance Director with existing and potential investors following both the interim and preliminary announcements of the results of the Group. Feedback on shareholder meetings is provided via the Group's corporate stockbroker or public relations adviser. Corporate announcements are also made available on the Group's website.

The Board exercises care to ensure that all information, including that which is potentially price-sensitive, is released to all shareholders at the same time in accordance with applicable legal and regulatory requirements.

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

Leadership

The Board
The Board is responsible to shareholders for the effective direction and control of the Group and it aims to provide entrepreneurial leadership within a framework of prudent and effective controls, enabling risks to be assessed and managed.

The Board currently comprises the Chairman, three independent non-executive Directors and three executive Directors. The Board believes that its current composition is appropriate having regard to the Company's size and activities.

The non-executive Directors, none of whom has fulfilled an executive role within the Company, are appointed for an initial three-year term. Sir Graham Hearne CBE chairs the Board and has not been a member of any of the Board's sub-committees. Alastair Farley is the senior independent non-executive Director and he chairs the Audit Committee; John Denholm chairs the Remuneration Committee and David Moorhouse CBE chairs the Nominations Committee.

Following John Denholm's retirement from the Board at the Annual General Meeting, it is intended that David Moorhouse CBE will become Chairman of the Remuneration Committee and Sir Graham Hearne CBE will become Chairman of the Nominations Committee.

The Board met eight times during the year and the attendance by the Directors is set out below. Board meetings include reviews of financial and business performance and consideration and monitoring of business risks and opportunities. The following matters are specifically reserved for the Board's consideration and approval:

- Group strategy;
- The Group budget;
- Major capital expenditure, disposals or leasing arrangements;
- Choice of key corporate advisers;
- Acquisitions and disposals;
- Group financial and treasury policy including dividends and borrowing;
- Establishing Board committees and setting their terms of reference; and
- Internal control arrangements.

On a periodic basis, the Board receives reports on its activities from the senior management of a division or a business manager. During the year, the Board visited the Group's operations in Singapore and received presentations from senior staff in the region.

The number of meetings of the full Board and the attendance of those meetings by each member is set out below:

Number of meetings in 2013/14: 8	Attended
Non-executive Directors	
Sir Graham Hearne CBE	**8/8**
John Denholm	**8/8**
David Moorhouse CBE	**7/8**
Alastair Farley	**8/8**
Executive Directors	
Martin Beer	**8/8**
James Kidwell	**8/8**
Denis Petropoulos	**8/8**

Corporate Governance Statement
continued

Board Committees
The Board has three standing committees, Audit, Nominations and Remuneration. Each of the Board committees comprises solely non-executive Directors. The composition and responsibilities for the Audit, Remuneration and Nominations Committees are set out in each of the committee reports, on pages 29, 30 and 31, respectively. The Remuneration Committee Report on pages 31 to 45 is incorporated into this Statement by reference.

Effectiveness

An evaluation of the Board, its committees and its Directors has been conducted.

Under the Company's Articles of Association, Directors should submit themselves for re-election every three years. The Directors retiring by rotation at the Annual General Meeting and offering themselves for re-election are Alastair Farley and David Moorhouse CBE. The Nominations Committee and the Board all unanimously support these re-elections.

Biographical information on these Directors can be found on page 26 of this Annual Report.

Accountability

The Board is responsible for assessing the Company's position and prospects and for ensuring that the information presented to shareholders is fair, balanced and understandable. Further details of the Directors' responsibilities for preparing the Company's financial statements are set out in the statement of Directors' responsibilities on page 47.

The Board is also responsible for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives, for maintaining the Company's system of internal controls and risk management, and for reviewing the effectiveness of these systems annually. The Audit Committee is responsible for the independent review and challenge of the adequacy and effectiveness of the risk management approach and for reporting its findings in this respect to the Board.

Risk management and internal control
The Board acknowledges the requirements of the Code and seeks to review aspects of risk management in relation to each part of the Group. The Directors acknowledge their responsibility for the implementation and effectiveness of the Group's system of internal controls in accordance with the Turnbull guidance. These are designed to identify and manage the particular risks to which the Group is exposed. By their very nature these controls can only provide reasonable but not absolute assurance against material misstatement or loss. The Audit Committee reviews the effectiveness of the system of internal controls during the year and proposes actions to strengthen the controls, which the Board implements as necessary. The Group also holds professional indemnity insurance to an amount considered adequate for its size and potential exposure.

The Group's internal control processes encompass the controls over the preparation of financial information, including consolidated financial statements.

Risk management
A summary of key risks and internal controls is prepared for consideration at the Audit Committee on an annual basis and these are then presented to the Board. The major risks are detailed in the Strategic Report.

The processes to monitor risk have been in place throughout the year and up to the date of approval of the Annual Report. The Company takes appropriate measures to mitigate risk, including taking out appropriate insurance protection to an amount appropriate to its size.

A Group budget is prepared annually and approved by the Board. The performances of the Group and the individual operating units are monitored against budget throughout the year and significant variances are investigated. Regular re-forecasts for the remainder of the financial year are prepared during the year.

The Group operates an internal system of checks and authorisations and independent audits are conducted in relation to the ISO 9001:2000 certification which Braemar Seascope Limited, Cory Brothers Shipping Agency Limited, Braemar Howells Limited, Braemar Technical Services (Engineering) Ltd and Braemar Technical Services (Offshore) all hold.

There is also an internal whistleblowing procedure through which any member of staff may raise, in confidence, any concerns they may have about the way the Group is run or business is conducted.

The Board monitors treasury activity through regular reporting by the Finance Director. The Group does not enter into speculative transactions.

Ethical conduct and anti-bribery measures
The Group is committed to undertaking business to the highest standards and has clear ethical guidelines which are issued to all Group companies in both English and local languages where appropriate. The Audit Committee monitors compliance with these ethical guidelines through internal procedures, particularly the internal audit function, and reports to the Board. There is a total prohibition on the payments of any kind of bribes and this is monitored closely through both internal and external auditing. A programme of internal training is in place to ensure that Group staff are aware of these policies and understand how they relate to Group business. On an annual basis the head of each business unit is required to sign off that the business for which they are responsible has complied with the Group's procedures.

Internal audit
The Group's internal audit function is a peer review process, whereby senior financial managers from within the business conduct audits of the Group's activities outside their own activities. The programme is co-ordinated by the Group Financial Controller who presents the Group internal audit plan and reports to the Audit Committee. The Committee is responsible for ensuring that the internal audit programme is met and recommendations are actioned. The Directors have reviewed the effectiveness of the Group's system of internal control throughout the year.

Report of the Audit Committee

Alastair Farley
Chairman of the Audit Committee

Number of scheduled meetings in 2013/14: 3	Attended
John Denholm	3/3
David Moorhouse CBE	3/3
Alastair Farley	3/3

Non-executive Directors: Alastair Farley (Chairman), John Denholm, David Moorhouse CBE.

Terms of Reference
The Committee's terms of reference can be found on our website www.braemarplc.com. They are reviewed on an ongoing basis.

Key Function and responsibilities
Our key function, as the Audit Committee, is to address the following specific responsibilities, while adapting our activities as appropriate to address changing priorities within these objectives:

- Financial Reporting: reviewing the half-year and annual financial statements and advising the Board whether the accounts represent a fair, balanced and understandable view of the business; monitoring compliance with relevant statutory and listing requirements and the UK Bribery Act; and advising on the suitability of accounting policies, for example revenue recognition, use of estimates and critical judgements;
- Internal control and risk management: reviewing internal control procedures and the risk assessment process; advising the Board on the significant risks facing the Group and monitoring the scope and effectiveness of the activities of the Group's internal audit activities;
- Relationship with the external auditor: planning with the external auditors the half-year review and full-year audit programme including agreement as to the nature and scope of their audit as well as the level of the audit fee set in the context of the overall audit plan; and monitoring the ongoing effectiveness of the external auditor.

Our meetings are attended, by invitation, by the Chairman of the plc Board, the Group Chief Executive, the Group Finance Director, the Group Financial Controller and representatives of the external auditors. In addition to the formal Committee meetings, as Chairman of the Audit Committee, I meet with the Group external audit partner and his team.

Review Processes
As a Committee we are specifically concerned with the following areas:

- Risk management and Internal control
- Ethical conduct and anti-bribery measures
- Internal audit
- External audit
- Committee effectiveness.

Significant Issues
During the year ended 28 February 2014, the significant issues which we have considered are as follows:

Annual Report
We have reviewed the presentation of the Group's results for the year in this annual report. As part of our review, we have considered reports from the Group Finance Director and Group Financial Controller and the report presented by the external auditor summarising the findings of their annual audit.

The primary areas of judgement that we considered for the year ending 28 February 2014 were:

- the assumptions underlying the testing for impairment of the Group's goodwill and intangible assets. The results of the Group's annual review for impairment showed that there is no impairment and after considering reasonable stress testing concluded that the assumptions demonstrated that significant headroom existed;
- the level of provision for the impairment of trade receivable balances. We believe that the Group's policy of providing for trade receivables over twelve months old unless there is good reason is appropriate. Good reason can include making a provision for amounts less than twelve months old if there is a risk of recovery, but also not making a provision for amounts over twelve months old if there is compelling evidence not to do so. The policy is kept under review and there are no unusual variances to the policy at 28 February 2014;
- the presentation of the results of Braemar Casbarian as a discontinued operation. During the year management undertook a review of this business and concluded that the activities of the business did not fit with the rest of the Technical division. As a consequence the decision was made in February 2014 to sell or exit the business due to its lack of strategic fit with the result that local management bought the Company from the Group in March 2014. The results and the loss on disposal have been presented under discontinued operations in the year and the assets and liabilities recognised as assets and liabilities held for sale on the balance sheet.

Other areas
In addition, the other areas we have given focus to during the year were:

- a review of the Group's anti-bribery and corruption procedures and the development of the ongoing training program that is provided to staff across the Group. This is an ongoing process and we intend to continue developing the education plan in the coming year which will be supported by a Group Control Framework which will underpin this as well as other core group controls;
- the increased scope of the Group's internal audit program to ensure that every location in the group is visited at least every three years;
- agreeing a revised audit scope and its related audit fee for the year with the external auditors. The current Group audit partner has been in the position for one year. We last put the audit out for tender in 2010 and this resulted in a change of audit firm and the appointment of KPMG. We intend to carry out the next review in 2016;
- consideration of the risk associated with the widespread and large number of small entities that exist in the Group and the lower level of controls that naturally exists due to the fewer number of employees. Our internal audit program helps to address this and the Group Control Framework referred to above will also help provide an underlying structure to align controls and processes.

Alastair Farley
On behalf of the Audit Committee
19 May 2014

Report of the Nominations Committee

David Moorhouse CBE
Chairman of the Nominations Committee

Number of scheduled meetings in 2013/14: 4	Attended
John Denholm	4/4
David Moorhouse CBE	4/4
Alastair Farley	4/4

Non-executive Directors: David Moorhouse CBE (Chairman), John Denholm and Alastair Farley.

The terms of reference of the Nominations Committee, explaining its role and authority delegated by the Board, are available on www.braemarplc.com.

The main role of the Nominations Committee is to consider the composition of the Board and to plan and carry out appropriate succession as deemed necessary. We also review the re-appointment of non-executive Directors at the expiration of their letter of engagement.

Succession planning
Our succession planning has two key responsibilities, firstly to ensure that the Group is managed by executives with the necessary skills, experience and knowledge, and secondly to ensure that the Board itself has the right balance of individuals to be able to discharge its responsibilities effectively. As part of the annual evaluation of Board performance, all Directors are consulted on the composition of the Board, as to size, the appropriate range of skills and balance between Executive and non-executive Directors.

During the year, the Committee discussed the Group's current succession plan which considers the senior roles within the Group and identifies whether there is appropriate cover in place in the event that an individual leaves the organisation, and whether there is a permanent replacement available within the organisation, or whether the position will need to be filled externally.

Diversity
The Committee currently takes into account a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge, ethnicity and gender.

Braemar endeavours to achieve appropriate diversity, including gender diversity, throughout the Company and concurs with the recommendations of Lord Davies' review. The Committee will continue to ensure that members of the Board should collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience necessary for the effective oversight of the Group.

Our policy, and duty, is to ensure that the best candidate is selected to join the Board and this approach will remain in place going forward, without prescriptive, quantitative targets.

David Moorhouse CBE
On behalf of the Nominations Committee
19 May 2014

Directors' Remuneration Report

John Denholm CA
Chairman of the
Remuneration Committee

Number of scheduled meetings in 2013/14: 4	Attended
John Denholm	**4/4**
David Moorhouse CBE	**3/4**
Alastair Farley	**4/4**

Non-executive Directors: John Denholm (Chairman), David Moorhouse CBE and Alastair Farley.

Annual Statement by the Chairman of the Remuneration Committee

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 28 February 2014.

Our remuneration philosophy
The Committee's approach to executive remuneration remains unchanged. Our framework should be:

- **Market competitive.** The structures and quantum of our remuneration arrangements must be sufficient to allow us to compete in the highly competitive global talent markets in the shipping services industry. At the same time, we should seek to pay no more than is necessary.
- **Simple and transparent.** Our executive remuneration structures should be clear and understandable for participants and shareholders.
- **Aligned to performance.** A substantial portion of executive reward should be aligned to profitability and long-term value delivered for shareholders. In line with our peers, we operate profit sharing arrangements in the broking business.
- **Aligned to shareholders.** We align long-term reward with the long-term value of our shares through share ownership guidelines and share-based remuneration.

Competing for talent
The success of our business is driven primarily by the talent of our employees and management team, and the relationships which they develop with our clients. It is therefore critical that we have the right remuneration framework to attract, retain and engage the calibre of talent that we need to drive performance for our shareholders.

As a UK listed company, we also aim to adhere to key principles of best practice on corporate governance and executive remuneration. As a result, the remuneration framework for our executive Directors (codified this year for the first time in a binding Remuneration Policy which may be effective for the next three years) is aligned to key best practice principles in the UK. For example, we have introduced clawback into our Annual Bonus and Brokers' Bonus.

At the same time, we compete for talent in a highly competitive global market which, in some areas, dictates particular remuneration structures and practices which we need to adopt to compete for such talent. For example, in the shipbroking industry, it is established custom and practice for a substantial proportion of overall remuneration to be driven directly from profit sharing arrangements, on an uncapped basis, with a relatively low level of fixed remuneration. Therefore, executive Directors principally involved in broking would be eligible to participate in the Brokers' Bonus arrangements, rather than the Group annual bonus plan. None of our current executive Directors are currently engaged in commission earning broking activities and therefore profit sharing arrangements will not apply to them. However, the Committee considers the flexibility in our Remuneration Policy to apply such arrangements where appropriate is critical for our ability to compete for talent and is fully in the best interests of our shareholders.

Remuneration outcomes for 2013/14
- The Committee set the earnings per share hurdle for the executive Directors' annual bonus at 21.27 pence, unchanged from the previous year. The Committee decided that the performance metric should be reported earnings per share from continuing operations of 31.93 pence adjusted to include the trading losses for the discontinued operation, such that adjusted earnings per share of 25.08 pence were used for the performance assessment producing an excess over the hurdle of 3.81 pence. This resulted in a total annual bonus for the three executive Directors of £181,641, amounting to awards of 21-23% of the maximum. Two thirds was paid in cash and one third is payable in deferred shares which vest in three years' time.
- The LTIP awards made to James Kidwell and Denis Petropoulos in May 2011 did not meet the minimum performance condition over the three-year vesting period and lapsed on 17 May 2014. No LTIP awards were made during 2013/14.
- At the request of two executive Directors the Company ceased making pension contributions on their behalf and their salaries were adjusted by an equivalent amount. No other changes to fixed remuneration were made.

Directors' Remuneration Report
continued

Approach to 2014/15

- The Committee believes the executive Directors' fixed remuneration is appropriate to their roles and does not intend to make changes for the coming year.
- The Committee will introduce a right to clawback bonuses in circumstances where there is a material re-statement of the financial results within three years or discovery of facts which would have entitled the Company to have summarily dismissed the Director without notice.
- Following approval of the renewed LTIP at the Annual General Meeting (see below), LTIP awards will be granted to the executive Directors. These awards will be based on EPS growth over a three-year period, requiring stretching performance of 13% per annum for maximum vesting.
- The Chairman's fee will be increased to reflect the increase in the size and complexity of the Company. The last increase was in 2008.

LTIP – seeking approval for a renewed plan

The current Long Term Incentive Plan (LTIP) was approved by shareholders in 2006. Following a review of the LTIP, the Committee concluded that, while the underlying structure remained appropriate, the LTIP should be updated to reflect developments in best practice. We will therefore be seeking approval for a renewed LTIP at the 2014 AGM. Full details are set out in the Remuneration Policy and in the Notice of AGM. Key highlights include:

- Updating leaver and change of control provisions in line with best practice
- Inclusion of a malus provision
- Flexibility to include dividend equivalents
- Whilst maintaining the normal award size at 100% of salary, adding the flexibility (in exceptional circumstances such as in respect of recruitment) to make awards of up to 200% of salary.

The Committee is aware that some shareholders have indicated a preference for vesting periods which are longer than three years. The Committee considered this but concluded that in our sector, a performance period of three years remains appropriate and market competitive, and that the objective of longer-term shareholder alignment is achieved via our shareholding guidelines.

Structure of the report

The report has been prepared in two sections in line with the new remuneration disclosure requirements:

1) The Remuneration Policy (pages 33 to 41). This contains details of the remuneration policy which we will apply from the date of the 2014 AGM subject to receiving the approval of our shareholders in a binding vote at the AGM; and

2) The Annual Report on Remuneration (pages 41 to 45) which sets out the details of how our remuneration policy was implemented during 2013/14 and how it will be implemented in 2014/15. This will be put to an advisory shareholder vote at our 2014 AGM.

I will be available, together with my fellow Committee members, at our 2014 AGM to answer any questions or receive your feedback with regard to our policies and how we have implemented them.

On behalf of the Committee, I look forward to receiving your support at the AGM.

John Denholm CA
Chairman, Remuneration Committee
19 May 2014

Remuneration Policy

This part of the report sets out the remuneration policy (the "Policy") as determined by the Remuneration Committee ("the Committee"). This Policy will be subject to shareholder approval at the 2014 AGM and, subject to that approval, will become effective from that date.

Policy Table for executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base Salary			
To provide an element of fixed remuneration as part of a market competitive remuneration package to attract and retain the calibre of talent required to deliver the Group's strategy.	Base salaries are determined by the Committee, taking into account: – Skills and experience of the individual; – Size, scope and complexity of the role; – Market competitiveness of the overall remuneration package; – Performance of the individual and of the Group as a whole; and – Pay and conditions elsewhere in the Group Base salaries are normally reviewed annually with changes effective from the start of the financial year. Base salaries for 2014/15 are set out on page 41 of the Annual Remuneration Report.	While there is no defined maximum, salary increases are normally made with reference to increases for the wider employee population. The Committee retains discretion to award larger increases where considered appropriate, to reflect, for example: – An increase in scope or responsibility; – Development and performance in role; and – Alignment to market competitive levels.	None
Benefits			
To provide a market competitive benefits package for the nature and location of the role.	Incorporates various cash/non-cash benefits which are competitive in the relevant market, and which may include such benefits as a car (or car allowance), club membership, healthcare, life assurance and income protection insurance. Where relevant, other benefits to reflect specific individual circumstances, such as housing, relocation, travel, or other expatriate allowances may also be provided. Executive Directors may also participate in the Company's Save As You Earn (SAYE) scheme on the same basis as other employees and subject to statutory limits.	Benefit provision, for which there is no prescribed monetary maximum, is set at an appropriate level for the specific nature and location of the role.	None
Pension			
To provide a post-retirement benefit to attract and retain talent.	The Committee may offer participation in a defined contribution pension scheme or provide a cash allowance.	Up to 15% of base salary per annum.	None

Directors' Remuneration Report
continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Bonus			
To incentivise and reward annual performance aligned with the long-term objectives of individuals and the delivery of strategy. Deferral into shares strengthens long-term alignment with shareholders.	All executive Directors (other than those participating in the Brokers' Bonus) are eligible to participate in the Annual Bonus at the discretion of the Committee each year. The performance measures and targets are determined annually by the Committee to reflect prevailing Group financial and strategic objectives. Payout levels are determined by the Committee after year end based on performance against targets set at the start of the year. The Committee retains discretion to adjust bonus payments to reflect the overall performance of the Group. A portion of the Annual Bonus will be deferred into shares, subject to a malus provision, under the Deferred Bonus Plan ("DBP"), described in more detail in the section below. Clawback provisions will also apply as explained on page 36.	100% of base salary	The majority of the Annual Bonus will be based on Group financial performance. The Committee may also include performance measures and targets to reflect: – Group strategic or operational objectives; – Targets specific to a subsidiary company or section of the Group (if applicable to an executive Director); and – Individual objectives
Brokers' Bonus			
To provide a bonus structure and opportunity for executive Directors who undertake broking activities and which directly aligns reward with broking profitability delivered for the Group. Deferral into shares strengthens long-term alignment with shareholders.	Only executive Directors who principally undertake broking activities are eligible to participate in the Brokers' Bonus at the discretion of the Committee each year. Individuals who participate in the Brokers' Bonus cannot participate in the Annual Bonus in respect of the same financial year. The Brokers' Bonus is calculated as a percentage of the profits generated in respect of the year through broking activities of the desk or reporting unit. A portion of the Brokers' Bonus will be deferred into shares, subject to a malus provision, under the DBP, described in more detail on page 36. Clawback provisions will also apply as explained on page 36.	The aggregate Brokers' Bonus "pool" for all employees across the Group is funded by broking profitability. In line with market practice for the Company's peers, there is no cap on individual Brokers' Bonus awards.	The Brokers' Bonus is directly aligned to the profits generated by broking activities.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan ("LTIP")			
To provide a variable element which aligns the reward of all executive Directors with long-term performance delivered for shareholders.	Awards are made under the 2014 Long Term Incentive Plan (LTIP) subject to approval from shareholders at the 2014 AGM. Awards vest subject to performance measured over a period of at least three years. All executive Directors are eligible to participate each year at the discretion of the Committee. Awards of shares are made at the discretion of the Committee and can be made in the form of nil-cost options, conditional shares, or, where appropriate, the cash equivalent. Any shares that vest may benefit from the value of dividends which would have been paid (if any) during the period between award and exercise. Awards under the 2014 LTIP will be subject to a malus provision, as described in more detail on page 36. The plan rules provide for adjustments in certain circumstances, for example, awards may be adjusted in the event of variation of the Company's share capital, demerger, special dividend or similar event.	The usual maximum award opportunity in respect of a financial year is 100% of base salary. However, in circumstances that the Committee considers to be exceptional, awards of up to 200% of base salary may be made.	Vesting is based on the achievement of performance targets set in respect of key financial performance measures (currently earnings per share for current executive Directors). Where relevant to an executive Director, vesting may be based, in whole or in part, on measures specific to the performance of a subsidiary company or section of the Group. 25% vests for threshold performance.

Directors' Remuneration Report
continued

Bonus deferral
A portion of the Annual Bonus and Brokers' Bonus awards will be deferred into shares under the Deferred Bonus Plan ("DBP"). Such awards will vest, unless the Committee determines otherwise, after three years from the date of grant, subject to continued employment with the Group (with provisions for individuals who leave the Group set out in the table on page 34).

Any shares that vest may benefit from the value of dividends which would have been paid (if any) during the period between award and vesting.

The Committee may determine that DBP awards are made in conjunction with the Braemar Company Share Option Plan ("CSOP") to enable UK tax resident individuals to benefit from the growth in value of the shares subject to the awards in a tax-efficient manner. In such circumstances, when DBP awards are granted, a corresponding market value option will be granted under the terms of the CSOP, the maximum face value of which will be £30,000. The options will vest on the same terms as and on the same date as the corresponding DBP awards and must be exercised within two days following the vesting date. Under the terms of the CSOP, no income tax or employees' or employer's National Insurance contributions will be payable, on exercise, on the growth in value of the shares. The number of shares in respect of which the DBP awards will vest will be reduced to take account of the value, as at vesting, of the corresponding CSOP options. In addition, the number of CSOP options which will vest will be reduced in the event that the value, as at vesting, of the option exceeds the value, as at vesting, of the corresponding DBP award. CSOP awards would only be made to in conjunction with the DBP as described above, and not on a stand-alone basis.

Malus provisions
Awards under the DBP and the 2014 LTIP are subject to a malus provision which allows the Committee to reduce the number shares subject to unvested awards and/or impose further conditions on unvested awards in certain circumstances which include:

- a material re-statement of any financial results of the Company;
- a material failure of risk management by the Company or a relevant business unit; or
- serious reputational damage to the Company or a relevant business unit as a result of the participant's misconduct or failure of supervision.

Clawback
The Annual Bonus and the Brokers' Bonus are subject to a clawback provision such that (i) in circumstances of a material re-statement of any financial results of the Company which takes place within three years of the payment of an amount under the plans, or (ii) the discovery of facts, within three years of the payment of an amount under the plans, which would have entitled the Company to have summarily dismissed the recipient without notice, the Committee has discretion to require the repayment of some or all of the amount received.

Performance measures and target setting
The Annual Bonus is normally based largely on the financial performance of the Group during the year. When setting the financial performance targets each year, the Committee considers a number of factors including the Board's business plan, the relative strength and cyclical nature of the shipping markets, as well as the outlook for the less cyclical non-broking businesses. As set out in the Policy Table, the Annual Bonus may also include, where appropriate, targets to reflect Group strategic or operational objectives, specific subsidiary or divisional objectives, or individual objectives. Targets in these areas will be appropriately stretching and aligned to delivery of the Group business plan and strategy

Performance measures and targets for the LTIP are determined by the Committee to reflect the Group's strategy and to align executive Directors with long-term value creation for shareholders. The Committee sets long-term performance targets which require appropriately stretching levels of performance, taking into account internal and external expectations. Under the LTIP rules, performance conditions may be amended or varied if an event occurs or circumstances arise which cause the Committee, acting fairly and reasonably, to determine that an amended performance condition would be more appropriate provided that the amended performance condition would be materially neither more difficult nor easier to satisfy.

Remuneration arrangements across the Group
The Group operates in a number of different sectors and geographies and therefore remuneration practices vary widely across the employee population. Differences in remuneration practices for executive Directors, senior management and other employees in the Group generally reflect differences in market practice taking into account role, seniority and geographical location. However, employee remuneration policies are normally based on the same broad principles as the policy for executive Directors, as follows:

- Remuneration arrangements must be capable of attracting, retaining and engaging the calibre of talent needed to deliver the strategy in the specific talent markets in which the Group competes.
- The involvement of employees in the Group's performance is encouraged through participation in incentive plans, appropriate for the markets in which the Group operates. In particular, our shipbrokers, including any relevant executive Directors, may participate in profit sharing arrangements which are reflect market practice in industry peers.
- Alignment with shareholders through share ownership is widely encouraged through participation in share-based incentive schemes, including both UK and International SAYE schemes. Braemar employees currently hold approximately 14% of the Company's shares.

When making decisions in respect of the executive Director remuneration arrangements, the Committee takes into consideration the pay and conditions for employees throughout the Group, including levels of salary increase and the operation of key incentive plans. The Committee does not directly consult with employees as part of the process of determining executive pay.

Consideration of shareholder views

The Committee remains committed to an open and ongoing dialogue with shareholders on remuneration. The Committee monitors investors' views, best practice developments and market trends on executive remuneration. Guidelines of investor bodies and shareholder views were considered when determining the Policy. The Company encourages shareholders to contact the Committee with any issues or concerns regarding the Company's remuneration policy. Annual general meetings of the Company also provide an opportunity for shareholders to engage with the Committee about the Company's remuneration policy.

Policy Table for Chairman and non-executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Fees			
To provide market appropriate fees to recruit and retain individuals of the calibre to deliver the strategy.	The remuneration of the Chairman is determined by the Committee and the remuneration of the non-executive Directors is determined by the Board (excluding the non-executive Directors). Fees are normally reviewed on an annual basis. The Chairman receives a single fee encompassing all duties. Non-executive Directors receive a basic fee and may also receive additional fees for Committee or other Board duties. Fees are payable in cash, although the Company may retain the right to make payment in shares. Expenses reasonably incurred in the performance of the role may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the benefits. The Chairman and Non-executive Directors do not participate in any of the Group's bonus arrangements, share plans or pension schemes.	While there is no maximum fee level, fees are set considering: – Market practice for comparative roles; – The time commitment and duties involved; and – The requirement to attract and retain the quality of individuals required by the Company.	None

Directors' Remuneration Report
continued

Illustration of the Remuneration Policy

The charts below illustrate the potential value of the remuneration packages of the executive Directors under the following scenarios (no share price growth is assumed):

- *Minimum* – reflects fixed pay only (base salary and pension as at 1 March 2014 and benefits included using the disclosed values for the year ending February 2014).
- *Target* – reflects fixed pay, Annual Bonus payout of 50% of maximum (i.e. 50% of salary) and LTIP vesting at threshold (i.e. 20% of salary).
- *Maximum* – reflects maximum Annual Bonus (100% of salary) and maximum LTIP awards (100% of salary).

None of the current executive Directors currently participate in the Brokers' Bonus.

Chief Executive Officer (James Kidwell)

Finance Director and Company Secretary (Martin Beer)

Executive Director (Denis Petropoulos)

■ LTIP ■ Annual Bonus ■ Fixed pay

Approach to recruitment remuneration

In respect of the appointment of a new executive Director, the overall approach of the Committee would be to provide remuneration arrangements sufficient to facilitate the appointment of individuals of sufficient calibre to lead the business and deliver the strategy, whilst seeking to pay no more than it considers necessary to secure the required talent.

The Committee would normally seek, as far as practicable, to align the remuneration package with that set out in the Policy Table for Executive Directors. Base salary would be set at an appropriately competitive level to reflect skills and experience and, where considered appropriate, may be set at a level which allows future above-average salary progression to reflect performance in role. Participation in the Annual Bonus, the LTIP, and, if the individual was to undertake broking activities, in the Brokers' Bonus would be in line with the structure and maximum opportunities set out in the Policy Table, other than as referred to below.

Where an individual forfeits remuneration arrangements with a previous employer as a result of appointment to the Company, the Committee may offer compensatory payments or awards to facilitate recruitment. Such payments or awards could include cash as well as performance and non-performance related share awards, and would be in such form as the Committee considers appropriate considering all relevant factors such as the form, expected value, anticipated vesting and timing of the forfeited remuneration. There is no limit on the value of such compensatory awards, but the Committee's intention is that the value awarded would be no higher than the estimated value forfeited.

Given the highly competitive nature of some of the talent markets in which Braemar competes, the Committee considers that having flexibility to respond to the specific commercial realities of a recruitment scenario is in the best interests of the Company and its shareholders. Therefore, the Committee has discretion, which would only be used if the Committee believes such action is absolutely necessary in exceptional or unexpected circumstances to secure an external appointment to include other reasonable fixed remuneration components to reflect, for example, local market practice in pension or benefit provision which were not foreseen in the Policy Table, or deliver variable pay via alternative structures and/or flex the balance between annual and long-term incentives, whilst maintaining the intention that a significant portion would be delivered in shares. The Committee commits to explaining to shareholders the rationale for the relevant arrangements following appointment.

Taking into account the limits in the Policy Table and the limits referred to above, the maximum level of variable remuneration which could be granted in respect of appointment (excluding compensatory awards referred to above) is 300% of salary, with the exception of an executive Directors who principally undertakes broking activities where the maximum is 200% of salary and eligibility for participation in the Brokers' Bonus.

For the avoidance of doubt, while cash may be included to reflect the buy-out of the forfeiture of cash-based remuneration on a "like for like" basis, the Committee does not envisage that substantial "golden hello" cash payments would be offered.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary, awards may be granted outside of these plans as currently permitted under the Listing Rules, but within the limits set out in this section.

Where an executive Director is appointed from within the Group, the normal policy is that any legacy arrangements will be honoured in line with the original terms and conditions. Similarly, if an executive Director is appointed following an acquisition of or merger with another company, the Committee may determine that legacy terms and conditions are honoured.

The remuneration package for a newly appointed Chairman or non-executive Director would normally be in line with the structure set out in the Policy Table for Chairman and non-executive Directors.

Service contracts and letters of appointment

The current executive Directors have rolling service contracts that provide for a twelve months' notice period by either party. The Company may terminate the executive Director's contract by making a payment in lieu of notice of the unexpired notice period equivalent to a value comprising of salary, pension and contractual benefits. There is no provision in any of the service contacts of the executive Directors for any ex-gratia payments.

It is intended that policy above would be applied to the service contracts for future executive Director appointments. In addition, future service contracts would normally include a provision that payments in lieu of notice may be made on a phased basis subject to mitigation.

The Chairman and non-executive Directors are appointed pursuant to a letter of appointment. The policy is that non-executive Directors are appointed for an initial term of three years which may be extended for further three-year periods on the recommendation of the Nominations Committee and with the Board's agreement. The non-executive Directors' letters of appointment are to be terminable on one month's notice from either party.

	Date of Contract/letter	Unexpired term as at 28 February 2014
Executive		
James Kidwell	20 June 2012	12 months
Martin Beer	25 September 2012	12 months
Denis Petropoulos	1 January 2011	12 months
Non-executive		
Sir Graham Hearne CBE	24 June 2012	1 month
John Denholm	30 April 2012	1 month
Alastair Farley	11 January 2011	1 month
David Moorhouse CBE	30 April 2012	1 month

Directors' Remuneration Report
continued

Loss of office payment policy
In the event that the employment of an executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract as well as the rules of any incentive plans.

In the event of termination, the following will apply:

Payment in lieu of notice	As set out above in the previous section, the Company may terminate employment by making a payment in lieu of notice of the unexpired notice period which shall comprise base salary, pension entitlements and other contractual entitlements (or an amount in lieu of them).
Annual Bonus and Brokers' Bonus	There is no automatic entitlement in respect of the year of cessation, although the Committee retains the discretion to make an award for leavers, taking into account the circumstances of departure. Any such award would remain subject to performance and the maximum opportunity would normally be reduced pro-rata to reflect the period of the year worked.
DBP awards	If cessation of employment is by reason of death, injury or disability, retirement, redundancy or the employing entity no longer being part of the Group, unvested DBP awards shall vest in full on cessation. If cessation of employment is for any other reason, then the Committee retains discretion to allow awards to subsist, in whole or in part, and vest on the original vesting date (or an earlier date at the Committee's discretion). To the extent the Committee does not exercise this discretion, unvested DBP awards will lapse in full.
LTIP awards	2006 LTIP: If cessation of employment is by reason of death, injury, disability or ill-health (certified to the satisfaction of the Committee), unvested LTIP awards shall vest. If cessation of employment is for any other reason, then the Committee retains discretion to allow awards to vest. To the extent the Committee does not exercise this discretion, unvested LTIP awards will lapse in full. Where LTIP awards vest in accordance with these terms, the size of the award shall be reduced pro-rata to reflect the extent to which the vesting period has elapsed at the date of cessation. 2014 LTIP: If cessation of employment is by reason of death, injury, disability or ill-health (certified to the satisfaction of the Committee), the employing entity no longer being part of the Group or at the discretion of the Committee any other reason, unvested awards will continue and vest on the normal vesting date, unless the Committee decides to accelerate vesting. For all other reasons, awards will lapse on cessation (whether vested or unvested). The extent to which awards vest in these circumstances will be determined by the Committee, taking into account the extent to which the original performance conditions are satisfied and, unless the Committee determines otherwise, the period of time that has elapsed since the award was granted until the date of cessation. Vested nil-cost option awards remain exercisable up to six months after the date of cessation, except where cessation is by reason of death, when awards remain exercisable for a period of twelve months.

In the event that a buyout award is made on recruitment, then the relevant leaver provisions would be determined at the time of the award.

Where an executive Director is entitled to pursue a claim against the Company in respect of their statutory rights or any other claim arising from that Director's employment or termination of employment, the Company will be entitled to negotiate settlement terms (including additional exit payments) with that Director which the Committee considers to be reasonable in the circumstances and in the best interests of the Company.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Change of control
In the event of a change of control of the Company, existing share awards under the DBP and 2006 LTIP will vest in full under the terms of the respective plan rules.

Awards under the 2014 LTIP will usually vest at the time of the relevant event, taking into account time and performance. Where other corporate events occur, the Committee will exercise its discretion to determine whether awards will vest, and to what extent, (taking into account the extent to which the performance conditions have been satisfied and normally pro-rated for time).

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not line with the Policy where the terms of the payment were agreed:

i. before the Policy came into effect; or
ii. at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes "payments" includes the Committee satisfying awards of variable remuneration, and an award over shares is "agreed" at the time the award is granted.

The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Annual Remuneration Report

Implementation of the Policy for 2014/15
This section sets out details of how the Committee intends to apply the Policy to the current executive Directors in the 2014/15 financial year.

Base salary
The base salaries for the current executive Directors are shown below. The salary of Denis Petropoulos is denominated and paid in Singapore dollars.

	2014/15	**2013/14**	Change
James Kidwell	£350k	**£350k**	0%
Martin Beer	£237k	**£237k**	0%
Denis Petropoulos	S$456k	**S$456k**	0%

Annual bonus
The Annual Bonus for the current executive Directors will be based on EPS performance for the year. The specific targets are deemed to be commercially sensitive and are therefore not disclosed. To the extent they are no longer considered sensitive they will be disclosed in next year's report.

LTIP
LTIP awards to the current executive Directors in 2014/15 will be made at the level of 100% of salary and will be subject to the following EPS performance targets, measured over the three-year period ending in 2016/17:

EPS growth over the three years to 2016/17	Vesting
Less than 5% per annum	0%
5% per annum	25%
13% per annum, or higher	100%

Vesting between the points above is on a straight-line basis.

Chairman and non-executive Directors' fees
The fee policy for the Chairman and non-executive Directors will remain unchanged and is summarised in the table below.

	2014/15	**2013/14**	Change
Chairman fee	£100k	**£75k**	+33%
Non-executive Director fee	£35k	**£35k**	0%
Committee chair fee	£10k	**£7.5k**	+33%

Implementation in 2013/14
This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2014. Those sections that have been audited have been identified below.

Directors' Remuneration Report
continued

Single total figure of remuneration for 2013/14 (audited)
This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2014. Those sections that have been audited have been identified below.

The remuneration of the Executive Directors in respect of 2013/14 is shown in the table below (with the prior year comparative).

	Base salary		Benefits(iv)		Pension(v)		Annual Bonus(vi)		LTIP(vii)		Total	
£'000	**2013/14**	2012/13	**2013/14**	2012/13	**2013/14**	2012/13	**2013/14**	2012/13	**2013/14**	2012/13	**2013/14**	2012/13
James Kidwell(i)	**350**	277	**3**	3	**-**	50	**81**	213	**-**	–	**434**	543
Martin Beer(ii)	**237**	91	**2**	–	**-**	–	**50**	57	**-**	–	**289**	148
Denis Petropoulos(iii)	**230**	203	**59**	70	**-**	30	**50**	152	**-**	–	**339**	455
Alan Marsh(viii)	**-**	179	**-**	2	**-**	–	**-**	175	**-**	–	**-**	356
Quentin Soanes(viii)	**-**	108	**-**	1	**-**	–	**-**	75	**-**	–	**-**	184

(i) James Kidwell was appointed to CEO in June 2012 and ceased receiving pension contributions at the end of the 2012/13 financial year. His non-participation in the pension arrangements was taken into account in setting his salary for 2013/14.
(ii) Martin Beer was appointed to the Board on 15 October 2012 and therefore the 2012/13 amounts reflect service in that period.
(iii) Denis Petropoulos's base salary is denominated in Singapore dollars and was converted for the purposes of the table at the average exchange rate for the relevant year. He ceased receiving pension contributions at the end of the 2012/13 financial year. His non-participation in the pension arrangements was taken into account in setting his salary for 2013/14.
(iv) Benefits include healthcare, life assurance and income protection insurance. For Denis Petropoulos, it also includes a housing allowance while based in Singapore (of £57,000 in 2013/14 and £68,000 in 2012/13).
(v) Pension includes the value pension contributions to the Company's defined contribution pension scheme in respect of the relevant year. Martin Beer does not participate in any pension arrangement and James Kidwell and Denis Petropoulos ceased receiving contributions at the end of the 2012/13 financial year.
(vi) Annual Bonus represents the full value of the Annual Bonus awarded in respect of the relevant financial year. One third is deferred into shares which vest after three years, subject to continued employment.
(vii) LTIP represents the value of the LTIP award which vests in respect of a performance period ending in the relevant financial year. The 2013/14 column shows a value of zero in respect of the 2011 LTIP award which lapsed in full as the performance targets measured to 2013/14 were not met. The 2012/13 column shows a value of zero in respect of the 2010 LTIP award which lapsed in full as the performance targets measured to 2012/13 were not met.
(viii) Retired 31 July 2012.

The fees of the non-executive Directors in respect of 2013/14 are shown in the table below (with the prior year comparative).

	Fees	
£'000	**2013/14**	2012/13
Sir Graham Hearne CBE	**75**	75
John Denholm	**42**	39
Alastair Farley	**42**	39
David Moorhouse CBE	**42**	39

Payments to past Directors (audited)
None

Payments for loss of office (audited)
None

Annual bonus for 2013/14 (audited)
The maximum bonus opportunity for the executive Directors during 2013/14 was 100% of base salary. The Committee set the earnings per share hurdle for the Directors' annual bonus at 21.27 pence, unchanged from the previous year. The Committee decided that the performance metric should be reported earnings per share from continuing operations of 31.93 pence adjusted to include the trading losses for the discontinued operation, such that adjusted earnings per share of 25.08 pence were used for the Directors' performance assessment producing an excess over the hurdle of 3.81 pence. This resulted in a total annual bonus for the three executive Directors of £181,641 of which two thirds was paid in cash and one third is payable in deferred shares which vest in three years' time. This amount is shown in the "single total figure of remuneration" table above.

2011 LTIP award – vesting in respect of 2013/14 (audited)
The 2011 LTIP awards were granted in May 2011 and were based on performance over the three-year performance period ending in 2013/14 against the EPS targets set when the award was granted, summarised in the table below. The Committee determined that the 2011 LTIP did not meet the minimum performance condition over the three-year vesting period and therefore the award lapsed on 17 May 2014.

EPS growth over the three years to 2013/14	Vesting
Less than RPI plus 4% per annum	0%
RPI plus 4% per annum	50%
RPI plus 10% per annum, or higher	100%

Vesting between the points above is on a straight-line basis.

2013 LTIP award – granted during 2013/14 (audited)
No LTIP awards were granted to executive Directors during 2013/14.

Shareholding guidelines and share interests (audited)
Under the shareholding guidelines, executive Directors are required to build and retain a shareholding in the Group at least equivalent to 100% of base salary. This guideline is expected to be met within five years of appointment to the Board.

Non-executive Directors are not subject to a shareholding guideline.

The following table sets out the shareholding (including connected persons) of the Directors in the Company as at 28 February 2014. This shows that James Kidwell and Denis Petropoulos have both met the shareholding guideline. Martin Beer has yet to meet the guideline but was appointed in October 2012 and is therefore within the five-year time scale to meet the guideline.

	Number of shares beneficially held at 28 February 2014	Shareholding as % of salary	Guideline met?
Executive Directors			
James Kidwell	111,304	170%	Yes
Martin Beer	–	0%	No
Denis Petropoulos	601,434	1,398%	Yes
Non-Executive Directors			
Sir Graham Hearne CBE	2,500		
John Denholm	7,000		
Alastair Farley	13,366		
David Moorhouse CBE	–		

Shareholding as a percentage of salary is calculated using the shareholding and base salary shown in the single total figure of remuneration table and the average share price for the final quarter of 2013/14.

The table below provides details of the interests of the executive Directors in incentive awards during the year.

	Awards held at 1 Mar 2013	Grant date	Share price on grant £	Granted	Exercised/ Released	Lapsed	Awards held at 28 Feb 2014	Exercise price £	From	To
James Kidwell										
2012 SAYE	3,321	1 Feb 12	3.26	–	–	–	3,321	2.71	1 Feb 15	1 Jul 15
2011 LTIP	45,000	17 May 11	4.66	–	–	–	45,000	–	17 May 14	17 May 21
2012 LTIP	75,000	30 Oct 12	4.07	–	–	–	75,000	–	30 Oct 15	30 Oct 22
2012 DBP	31,541	8 May 12	3.16	–	–	–	31,541	–	8 May 15	8 May 22
2013 DBP	–	14 May 13	3.93	17,440	–	–	17,440	–	14 May 16	14 May 23
Martin Beer										
2013 SAYE	–	1 Aug 13	4.23	2,676	–	–	2,676	3.36	1 Aug 16	1 Jan 17
2012 LTIP	55,000	30 Oct 12	4.07	–	–	–	55,000	–	30 Oct 15	30 Oct 22
2013 DBP	–	14 May 13	3.93	4,666	–	–	4,666	–	14 May 16	14 May 23
Denis Petropoulos										
2012 SAYE	3,308	1 Aug 12	3.44	–	–	–	3,308	2.73	1 Aug 15	1 Jan 16
2011 LTIP	42,735	17 May 11	4.66	–	–	–	42,735	–	17 May 14	17 May 21
2010 DBP	3,356	25 Oct 10	5.40	–	3,356	–	–	–	25 Oct 13	25 Oct 20
2012 DBP	31,541	8 May 12	3.16	–	–	–	31,541	–	8 May 15	8 May 22
2013 DBP	–	14 May 13	3.93	12,444	–	–	12,444	–	14 May 16	14 May 23

The performance conditions attached to the LTIP awards are as follows:

- 2011 LTIP. 50% vesting for EPS growth equal to RPI plus 4% per annum rising on a straight-line basis for 100% vesting for EPS growth equal to RPI plus 10% per annum. As described on page 32, this award lapsed in full as the performance targets were not met.
- 2012 LTIP. 25% vesting for EPS growth of 5% per annum rising on a straight-line basis for 100% vesting for EPS growth of 13% per annum.

There are no further performance conditions attached to the exercise of the deferred bonus awards.

External appointments
None of the executive Directors currently hold any external appointments.

Supporting disclosures and additional context

Percentage change in remuneration of the CEO

The percentage change in the salary of the CEO as shown in the single figure of remuneration table is 26%, however this includes the one-off salary adjustment to reflect an equivalent amount in respect of the Company ceasing to make pension contributions on their behalf. Excluding this, the year on year change in salary was 0%. The change in the benefits and annual bonus of the CEO was 0% and -69%. The equivalent figures for salary/benefits and bonus for all Group employees are -1% and -23%, respectively.

Relative importance of spend on pay

The chart below shows total employee remuneration and distributions to shareholders, in respect of 2013/14 and 2012/13 (and the difference between the two).

£m	**2013/14**	2012/13	Change (%)
Total employee remuneration	**67.2**	66.8	+1%
Distributions to shareholders	**5.4**	5.4	–

Performance graph and table

The chart below shows TSR against the FTSE All Share over the last five years. The Committee believes the FTSE All Share index is the most appropriate index against which the TSR of Braemar should be measured.

The table below provides remuneration data for the role of CEO for each of the five financial years over the equivalent period.

	2009/10	2010/11	2011/12	2012/13	2013/14
CEO	Alan Marsh	Alan Marsh	Alan Marsh	James Kidwell/ Alan Marsh*	James Kidwell
Single total figure of remuneration	£888k	£846k	£550k	£662k	£434k
Annual Bonus** (% of base salary)	77%	68%	9%	87%	23%
LTIP vesting (% of maximum)	100%	N/A***	N/A***	0%	0%

* James Kidwell was appointed CEO on 20 June 2012 and Alan Marsh stepped down from that role on the same day. The figure shown reflects the combined single figure in respect of the role of CEO for 2012/13.

** Prior to 2013/14, the Annual Bonus was uncapped. Therefore, figures shown are for the Annual Bonus as % of salary, rather than of maximum.

*** No LTIP awards were made in 2008 and 2009 which would have vested in respect of performance to 2010/11 and 2011/12, respectively.

Consideration of Directors' remuneration – Remuneration Committee and advisers
The Remuneration Committee is comprised solely of non-executive Directors and comprises John Denholm as Chairman, David Moorhouse and Alastair Farley.

The Committee has agreed Terms of Reference, available on the Group's website, which set out its authority and responsibilities, which include:

- to determine on behalf of the Board and shareholders the Group's overall policy for executive remuneration;
- to determine individual remuneration packages for each of the executive Directors of the Company, 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 terms of all bonus, profit share or equity participation schemes or any other schemes intended to reward and incentivise employees of the Group and to review the participation of the executive Directors and senior executives in such schemes, including the award of any bonuses and the grant of rights or options thereunder; and
- to maintain an overview of policy in relation to the remuneration and conditions of service of other senior executives within the Group.

In discharging these responsibilities the Committee may call for information and advice from advisers inside and outside the Group. During 2013/14, the Committee took advice from the Chairman of the Board, the Chief Executive and the Finance Director during 2013/14 who attended by the invitation of the Committee but did not participate in any discussions regarding or affecting their own remuneration.

The Committee did not seek external advice during 2013/14. The Committee has sought advice from Deloitte LLP during 2014/15 in respect of the development of the Remuneration Policy. The fees charged by Deloitte LLP for the provision of independent advice to the Committee will therefore be disclosed in the 2014/15 report. Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is comfortable that the Deloitte LLP engagement partner and team, that provide remuneration advice to the Committee, do not have connections with Braemar Shipping Services plc that may impair their objectivity and independence. Deloitte LLP provided no other services to the Group during the financial year.

Statement of voting at Annual General Meeting
At the Annual General Meeting held on 19 June 2013, votes cast by proxy and at the meeting in respect of Directors' remuneration are shown in the table.

Resolution	Votes For #	%	Votes Against #	%	Total votes cast	Votes Withheld
Approval of Remuneration Report for year ending 28 February 2013	6,384,179	98.19	117,592	1.81%	6,606,547	104,776

John Denholm
Chairman, Remuneration Committee
19 May 2014

Directors' Report
for the year ended 28 February 2014

Statutory information
Information required to be part of the Directors' Report can be found elsewhere in this document, as indicated in the table below, and is incorporated into this Report by reference:

Results and dividends on pages 1 to 25
Likely future developments in the business of the Company or its subsidiaries on pages 1 to 25
Greenhouse Gas Emissions on page 15
Employee relations on pages 14 and 15
Employee relations and equal opportunities on pages 14 and 15 and page 30
Indication of branches outside the country on page 9
Corporate Governance Statement on pages 27 to 30.

Management Report
This Directors' Report, on pages 46 and 47, together with the Strategic Report on pages 1 to 25, form the Management Report for the purposes of DTR 4.1.5R.

Amendment of Articles of Association
The Company's Articles of Association may be amended by special resolution of the Company's shareholders.

Change of control – significant agreements
No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights. There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts and joint venture agreements. None is considered to be significant in terms of their potential impact on the business of the Group as a whole.

Political contributions
There were no political contributions during the year (2013: £nil).

Share capital and voting rights
During the year ended 28 February 2014 the Company issued 19,252 new shares pursuant to the exercise of employee share options.

At 28 February 2014 the total issued ordinary share capital was 21,671,409 shares of 10 pence each. All of the Company's shares are fully paid up and quoted on the London Stock Exchange Plc's Official List. The rights and obligations attaching to the Company's ordinary shares as well as the powers of the Company's Directors are set out in the Company's Articles of Association, copies of which can be obtained from Companies House, or by writing to the Company Secretary. There are no restrictions on the voting rights attaching to or the transfer of the Company's issued ordinary shares.

At the forthcoming Annual General Meeting, shareholders will be asked to consider a renewal of the Directors' authority to allot shares. Details are contained in the Notice of the Annual General Meeting.

Purchase of own ordinary shares
The Directors are authorised to make market purchases of the Company's ordinary shares under an authority granted by the Annual General Meeting held on 19 June 2013. No purchases were made under this authority during the year. In accordance with ABI Investor Protection Guidelines, the maximum number of ordinary shares which may be acquired is 10% or less of the Company's issued ordinary shares as at 19 May 2014.

The Directors will seek the renewal of this authority at the 2014 Annual General Meeting in Resolution 10 in accordance with the Company's Articles of Association. The Directors have no immediate intention of exercising the authority but they will keep the matter under review. Purchases will only be made if they result in an expected increase in earnings per share and will take into account other available investment opportunities, appropriate gearing levels and the overall position of the Company. Any shares purchased in accordance with this authority will subsequently be cancelled. The total number of options to subscribe for shares that were outstanding as at 19 May 2014 was 487,737, being 2.3% of the issued share capital. If the authority to purchase shares is used in full, the proportion of issued share capital represented by this number of options would amount to 2.5%.

Directors and their interests
The Directors of the Company during the year and at the date of this report are shown on page 26. The Directors' beneficial interests, including family interests in the shares of the Company at 28 February 2014, were as follows:

	28 February 2014	28 February 2013
Martin Beer	**–**	–
John Denholm	**7,000**	7,000
Alastair Farley	**13,366**	13,366
Sir Graham Hearne CBE	**2,500**	2,500
James Kidwell	**111,304**	111,304
David Moorhouse CBE	**–**	–
Denis Petropoulos	**601,434**	598,191

Directors' interests in share options are set out on page 43.

The Directors, in common with other employees of the Group also have an interest in 659,682 (2013: 764,626) ordinary 10 pence shares held by Kleinwort Benson (Channel Islands) Limited on behalf of the Employee 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 2014 and 19 May 2014.

During the year, the Group maintained cover for its Directors and officers and those of its subsidiary companies under a Directors' and officers' liability insurance policy, as permitted by the Companies Act 2006.

Substantial shareholdings
Group employees and the Employee Share Ownership Plan own approximately 25% of the shares in the Group.

At 28 February 2014, 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.

Charles Stanley & Co	**7.54%**
Majedie Asset Management	**6.37%**
Quentin Soanes	**5.57%**
Alan Marsh	**4.79%**
BlackRock Investment Management	**4.62%**
Barclays Stockbrokers Limited	**4.33%**
Liontrust Asset Management	**3.88%**
Chelverton Asset Management	**3.81%**

As far as the Company is aware there are no other persons with significant direct or indirect holdings in the Company.

Information provided to the Company pursuant to the Financial Services Authority's (FSA) Disclosure and Transparency Rules (DTRs) is published on a Regulatory Information Service and the Company's website.

Financial instruments
The Group's financial risk management objectives and policies are set out in the Corporate Governance statement on page 28 and in the Strategic report on pages 16 and 17.

Post balance sheet events
On 20 March 2014, the Group sold its interest in Casbarian to local management (see Note 8 to the financial statements).

On 30 April 2014, the Group completed the sale of the Morrison Tours business reported within the Logistics division.

Going concern
The Group has a strong balance sheet and no debt. It continues to be cash generative and the Directors believe that it is well positioned to successfully manage its risks. The Directors have a reasonable expectation that the Company and Group have adequate resources to continue to trade for the foreseeable future and for this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Accounts and Reports in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on page 26 confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the Company; and
- the Chief Executive's strategic review and review of operations and the Financial review include a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Annual General Meeting
The 2014 Annual General Meeting of the Company will be held at 11am on 4 July 2014 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. A separate document accompanying the Annual Report and Accounts contains the Notice convening the Annual General Meeting and a description of the business to be conducted thereat.

By Order of the Board

Martin Beer ACA
Company Secretary
19 May 2014

Independent Auditor's Report to the Members of Braemar Shipping Services plc

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified
We have audited the financial statements of Braemar Shipping Services plc for the year ended 28 February 2014 set out on pages 50 to 80. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 28 February 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU");
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement
In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

(a) Shipbroking revenue (£40,866,000)
Refer to page 29 of the Audit Committee Report, note 1(d) of the accounting policies and note 2 to the financial statements.

The risk
The recognition of shipbroking revenue involves the exercise of judgement regarding the appropriate timing of revenue recognition on commission earned in the shipbroking segment. In some instances the entitlement to commission is dependent upon the fulfilment of certain obligations between two or more independent third parties over which the Group has no control, leading to uncertainty as to the period of time over which services are provided.

Our response
Our audit procedures included, among others testing, on a sample basis, whether revenue was recognised in the correct period based on the specific contract terms and that it was recognised in accordance with contract terms such as commission rates, contract values, billing schedules and recalculating any foreign currency translation by verifying the methodology for the revenue recognised to underlying agreements. We considered the risk of counterparties not completing by challenging the Directors' assumptions, taking account of their and our knowledge of industry developments and our work on trade receivables discussed in (b) below.

We have also critically assessed the adequacy of the Group's disclosures in note 2 based upon the knowledge gained during our audit.

(b) Recoverability of trade receivables (£32,652,000)
Refer to page 29 of the Audit Committee Report, note 1(c) and 1(k) of the accounting policies and note 17 to the financial statements.

The risk
The Group has significant trade receivables with customers in the shipping industry. A number of companies in this industry are under historical and continuing financial stress meaning the industry is known for heightened risk over the recoverability of these balances. Additionally, the Group often experiences significant delay between issuing an invoice and receiving cash from the counterparty.

Our response
Our audit procedures included, among others, critically assessing the adequacy of the Group's provisions against trade receivables by challenging the Directors' assumptions, taking account of their and our knowledge of recent bad debt experience in this industry. We tested the completeness and accuracy of the data extracted from the Company's system used to calculate the ageing of trade receivables; considered whether the provision methodology incorporates the necessary components and appropriate steps to appropriately calculate the level of potentially irrecoverable debt; performed a recalculation of the bad debt provision calculation to test the mathematical accuracy; and took account of the receipt of cash after the year end in assessing the reasonableness of the provision recognised.

We have also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision.

3. Our application of materiality and an overview of the scope of our audit
The materiality for the Group financial statements as a whole was set at £1 million. This has been determined with reference to a benchmark of Group revenue (of which it represents 0.8%), which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £50,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Audits for Group reporting purposes were performed by the Group audit team in the United Kingdom. In addition, specified audit procedures were performed by component auditors in Singapore and India. These Group procedures covered 76% of total Group revenue; 85% of Group profit before taxation; and 80% of total Group assets. The segment disclosures in Note 2 set out the individual significance of a specific country or region. The remaining 24% of revenue, 15% of Group profit before tax and 20% of total Group assets is represented by 35 reporting components around the world. The Group audit team performed analytical procedures over these entities, which involved comparing year-on-year results, discussion with management and corroboration to external evidence where we considered it necessary. None of these reporting components represented more than 5% of revenue, profit before tax or total Group assets. Local statutory audits are performed for four of these components, but these are completed after the date of this report.

The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component and ranged from £500 to £850,000.

Detailed audit instructions were sent to the component auditors in Singapore and India. These instructions covered the significant audit areas that should be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. The Group audit team visited Singapore during the year.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

5. We have nothing to report in respect of the matters on which we are required to report by exception
Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 47, in relation to going concern;
- the part of the Corporate Governance Statement on page 27 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration marked as audited.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities
As explained more fully in the Directors' Responsibilities Statement set out on page 47, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

19 May 2014

Consolidated income statement
for the year ended 28 February 2014

Continuing operations	Notes	28 Feb 2014 £'000	Restated 28 Feb 2013 £'000
Revenue	2	**125,531**	139,684
Cost of sales		**(31,758)**	(43,599)
		93,773	96,085
Operating costs			
Operating costs excluding amortisation of other intangibles		**(84,490)**	(85,257)
Amortisation of other intangible assets	13	**(432)**	(1,498)
		(84,922)	(86,755)
Operating profit	2,3	**8,851**	9,330
Finance income	6	**253**	296
Finance costs	6	**(57)**	(41)
Share of profit from joint ventures	15	**(88)**	62
Profit before taxation		**8,959**	9,647
Taxation	7	**(2,268)**	(2,447)
Profit for the year		**6,691**	7,200
Loss for the year from discontinued operations	8	**(2,209)**	(351)
Profit for the year		**4,482**	6,849
Attributable to:			
Ordinary shareholders		**4,473**	6,824
Non-controlling interest		**9**	25
Profit for the year		**4,482**	6,849
Earnings per ordinary share	10		
Basic – continuing operations		**31.93p**	34.47p
Diluted – continuing operations		**30.61p**	33.36p
Basic – profit for the year		**21.38p**	32.78p
Diluted – profit for the year		**20.49p**	31.72p

Consolidated statement of comprehensive income
for the year ended 28 February 2014

	Notes	28 Feb 2014 £'000	28 Feb 2013 £'000
Profit for the year		**4,482**	6,849
Other comprehensive income/(expense)			
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences on retranslation of foreign operations		**(4,391)**	1,131
Cash flow hedges – net of tax	26	**91**	(165)
Total comprehensive income for the year		**182**	7,815
Attributable to:			
Equity holders of the parent		**173**	7,790
Non-controlling interest		**9**	25
Total comprehensive income for the year		**182**	7,815

The notes on pages 54 to 80 form an integral part of these consolidated financial statements.

Balance sheets
as at 28 February 2014

Company number 2286034

Assets	Notes	Group As at 28 Feb 2014 £'000	Group As at 28 Feb 2013 £'000	Company As at 28 Feb 2014 £'000	Company As at 28 Feb 2013 £'000
Non-current assets					
Goodwill	12	**30,091**	30,547	**-**	–
Intangible assets	13	**1,369**	1,524	**-**	–
Property, plant and equipment	14	**5,898**	6,165	**-**	–
Investments	15	**1,715**	1,796	**53,140**	52,714
Deferred tax assets	7	**1,644**	1,021	**-**	–
Other long-term receivables	16	**242**	261	**42**	36
		40,959	41,314	**53,182**	52,750
Current assets					
Trade and other receivables	17	**47,351**	44,621	**2,302**	2,712
Derivative financial instruments	18	**35**	–	**-**	–
Assets held for sale	8	**601**	–	**-**	–
Restricted cash	19	**-**	339	**-**	–
Cash and cash equivalents	20	**13,694**	23,277	**-**	38
		61,681	68,237	**2,302**	2,750
Total assets		**102,640**	109,551	**55,484**	55,500
Liabilities					
Current liabilities					
Short-term borrowings	21	**-**	–	**101**	–
Derivative financial instruments	18	**-**	94	**-**	–
Trade and other payables	22	**32,847**	36,249	**1,460**	1,546
Current tax payable		**2,112**	1,638	**-**	–
Provisions	23	**410**	413	**-**	–
Liabilities associated with assets held for sale	8	**1,119**	–	**-**	–
Client monies held as escrow agent	19	**-**	339	**-**	–
		36,488	38,733	**1,561**	1,546
Non-current liabilities					
Deferred tax liabilities	7	**531**	612	**-**	–
Provisions	23	**335**	363	**-**	–
		866	975	**-**	–
Total liabilities		**37,354**	39,708	**1,561**	1,546
Total assets less total liabilities		**65,286**	69,843	**53,923**	53,954
Equity					
Share capital	24	**2,167**	2,165	**2,167**	2,165
Share premium		**12,218**	12,150	**12,218**	12,150
Shares to be issued	25	**(2,934)**	(3,309)	**(2,934)**	(3,309)
Other reserves	26	**23,719**	27,630	**21,742**	21,742
Retained earnings		**30,116**	30,962	**20,730**	21,206
Group shareholders' equity		**65,286**	69,598	**53,923**	53,954
Non-controlling interest	27	**-**	245	**-**	–
Total equity		**65,286**	69,843	**53,923**	53,954

The accounts on pages 50 to 80 were approved by the Board of Directors on 19 May 2014 and were signed on its behalf by:

Sir Graham Hearne
Chairman

Martin Beer ACA
Finance Director

Mark B Beer
MARTIN F.S. BEER

The notes on pages 54 to 80 form an integral part of these consolidated financial statements.

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Cash flow statements
for the year ended 28 February 2014

		Group		Company	
	Notes	**28 Feb 2014 £'000**	28 Feb 2013 £'000	**28 Feb 2014 £'000**	28 Feb 2013 £'000
Cash flows from operating activities					
Cash generated from operations	28	**2,158**	14,996	**5,582**	4,997
Interest received		**253**	296	**–**	–
Interest paid		**(57)**	(45)	**(77)**	(35)
Tax paid		**(1,358)**	(3,625)	**–**	–
Net cash generated from operating activities		**996**	11,622	**5,505**	4,962
Cash flows from investing activities					
Dividends from joint ventures		**–**	189	**–**	189
Acquisition of subsidiaries, net of cash acquired	29	**(524)**	(279)	**–**	–
Purchase of property, plant and equipment and computer software		**(1,266)**	(1,253)	**–**	–
Proceeds from sale of property, plant and equipment		**–**	83	**–**	–
Other long-term assets		**19**	(28)	**(6)**	3
Net cash used in investing activities		**(1,771)**	(1,288)	**(6)**	192
Cash flows from financing activities					
Proceeds from issue of ordinary shares		**70**	137	**70**	137
Dividends paid	9	**(5,441)**	(5,412)	**(5,441)**	(5,412)
Purchase of own shares		**(267)**	(148)	**(267)**	(148)
Net cash used in financing activities		**(5,638)**	(5,423)	**(5,638)**	(5,423)
(Decrease)/increase in cash and cash equivalents		**(6,413)**	4,911	**(139)**	(269)
Cash and cash equivalents at beginning of the period		**23,277**	17,467	**38**	307
Foreign exchange differences		**(3,170)**	899	**–**	–
Cash and cash equivalents at end of the period		**13,694**	23,277	**(101)**	38

Statements of changes in total equity
for the year ended 28 February 2014

Group	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At 1 March 2012	2,160	12,018	(3,695)	26,664	29,471	66,618	220	66,838
Profit for the year	–	–	–	–	6,824	6,824	25	6,849
Foreign exchange differences	–	–	–	1,131	–	1,131	–	1,131
Cash flow hedges net of tax	–	–	–	(165)	–	(165)	–	(165)
Total recognised income in the year	–	–	–	966	6,824	7,790	25	7,815
Dividends paid	–	–	–	–	(5,412)	(5,412)	–	(5,412)
Issue of shares	5	132	–	–	–	137	–	137
Purchase of own shares	–	–	(148)	–	–	(148)	–	(148)
ESOP shares allocated	–	–	534	–	(534)	–	–	–
Credit in respect of share option schemes	–	–	–	–	678	678	–	678
Deferred tax on items taken to equity	–	–	–	–	(65)	(65)	–	(65)
At 28 February 2013	2,165	12,150	(3,309)	27,630	30,962	69,598	245	69,843
Profit for the year	–	–	–	–	4,473	4,473	9	4,482
Foreign exchange differences	–	–	–	(4,391)	–	(4,391)	–	(4,391)
Cash flow hedges net of tax	–	–	–	91	–	91	–	91
Total recognised income in the year	–	–	–	(4,300)	4,473	173	9	182
Deferred consideration paid	–	–	–	389	(197)	192	(254)	(62)
Dividends paid	–	–	–	–	(5,441)	(5,441)	–	(5,441)
Issue of shares	2	68	–	–	–	70	–	70
Purchase of own shares	–	–	(267)	–	–	(267)	–	(267)
ESOP shares allocated	–	–	642	–	(441)	201	–	201
Credit in respect of share option schemes	–	–	–	–	613	613	–	613
Deferred tax on items taken to equity	–	–	–	–	147	147	–	147
At 28 February 2014	**2,167**	**12,218**	**(2,934)**	**23,719**	**30,116**	**65,286**	**–**	**65,286**

Company	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 March 2012	2,160	12,018	(3,695)	21,742	21,551	53,776
Profit for the year	–	–	–	–	4,940	4,940
Dividends paid	–	–	–	–	(5,412)	(5,412)
Issue of shares	5	132	–	–	–	137
Purchase of shares	–	–	(148)	–	–	(148)
ESOP shares allocated	–	–	534	–	(534)	–
Credit in respect of share option schemes	–	–	–	–	661	661
At 28 February 2013	2,165	12,150	(3,309)	21,742	21,206	53,954
Profit for the year	–	–	–	–	5,009	5,009
Dividends paid	–	–	–	–	(5,441)	(5,441)
Issue of shares	2	68	–	–	–	70
Purchase of shares	–	–	(267)	–	–	(267)
ESOP shares allocated	–	–	642	–	(470)	172
Credit in respect of share option schemes	–	–	–	–	426	426
At 28 February 2014	**2,167**	**12,218**	**(2,934)**	**21,742**	**20,730**	**53,923**

Notes to the consolidated financial statements

General information

Group and Company financial statements of Braemar Shipping Services plc for the year ended 28 February 2014 were authorised for issue in accordance with a resolution of the Directors on 19 May 2014. Braemar Shipping Services plc is a Public Limited Company incorporated in England and Wales.

The term "Company" refers to Braemar Shipping Services plc and "Group" refers to the Company and all its subsidiary undertakings, joint ventures and of the employee share ownership plan trust.

1 Accounting policies

a) Basis of preparation and forward-looking statements

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and in accordance with the provisions of the Companies Act 2006. No income statement is presented for Braemar Shipping Services plc as provided by section 408 of the Companies Act 2006.

The Directors have a reasonable expectation that the Company and Group have adequate resources to continue to trade for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements have been prepared under the historic cost convention except for the derivative financial instruments, which are measured at fair value. In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the comparative income statement has been re-presented so that the disclosures in relation to discontinued operations relate to all operations that have been discontinued by the balance sheet date.

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

The Group and Company financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 March 2013 that have had a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 March 2013 and not early adopted

The Group has adopted the following new and amended standards as of 1 March 2013:

- IAS 1, "Financial statement presentation" (revised) – the main change resulting from these amendments is a requirement for entities to Group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in "other comprehensive income".

As at the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The Group has not applied these standards and interpretations in the preparation of these financial statements.

- IFRS 9 "Financial instruments" – classification and measurement
- IFRS 10 "Consolidated Financial Statements"
- Amendment to IAS 36 "Impairment of assets" on recoverable amount disclosures
- Amendments to IFRS 10, 11 and 12 on transition guidance
- Annual improvements 2012, 2013.

The impact on the Group's financial statements of the future adoption of these and other new standards and interpretations is still under review, but the Group does not expect any of these changes to have a material effect on the results or net assets of the Group. There were no other new IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

b) Basis of consolidation

The consolidated financial statements incorporate the accounts of the Group and the Company made up to 28 February each year or 29 February in a leap year.

The results of subsidiaries are consolidated using the purchase method of accounting, from the date on which control of the net assets and operation of the acquired company are effectively transferred to the Group. Similarly, the results of subsidiaries divested cease to be consolidated from the date on which control of the net assets and operations are transferred out of the Group.

The interest of non-controlling interests is stated at the non-controlling interests' proportion of the value of the assets and liabilities recognised and is presented separately within total equity in the consolidated balance sheet.

Investments in joint ventures and associates and where the Group has significant influence are equity accounted and carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any impairment in value. The income statement reflects the Group's share of the post-tax result of the joint venture or associate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c) Use of estimates and critical judgements
The preparation of financial statements in conformity with IFRSs as endorsed by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

A key judgement, not involving estimation, which the Group makes applies to its approach to revenue recognition particularly in respect of the assessments made regarding the appropriate timing of recognition of revenue.

The key areas where the Group makes judgements involving estimates are in the following areas:

- Impairment of goodwill and other intangible assets: Goodwill is tested for impairment on an annual basis. However, the Group will also test for impairment at other times if there is an indication that an impairment may exist. Before carrying out a detailed review, the Directors will first make a judgement as to whether the impact is significant enough to perform a detailed calculation, taking into account their knowledge of the specific business unit and their experience of the market. Some of the critical assumptions applied when carrying out an impairment review are set out in Note 12;
- Provision for impairment of trade receivables: Ongoing judgements are required in assessing the appropriate level of impairment provision taking into account the age of the receivables and risk of the amounts not being recovered (see Note 17);
- Intangible assets: Following the acquisition of a business, the Group carries out a review to assess the fair value of the identifiable assets and liabilities acquired. This will include applying a level of judgement to understand any premium paid for a business represents as well as then carrying out a detailed calculation. The Directors will also apply their judgement again to assess the useful economic life of any intangible assets (see Note 13).

d) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

Revenue of the Group consists of:

i) Shipbroking – income comprises commission arising from tanker and dry cargo charter broking, sale and purchase broking, offshore broking and consultancy and valuation fees. The Group acts as a broker for several types of shipping transaction, each of which gives rise to an entitlement to commission.

   For single voyage chartering, the contractual terms are governed by a standard charter party contract in which the broker's commission is earned and recognised when the cargo has been loaded or discharged according to the contractual terms;

   For time charters the commission is specified in the hire agreement and is earned and recognised over the term of the charter simultaneously with the hire payments being made;

   In the case of second hand sale and purchase contracts, the broker's commission is earned and recognised when the principals in the transaction complete on the sale/purchase and the title of the vessel passes from the seller to the buyer;

   With regard to newbuilding contracts, the commission is recognised when contractual stage payments are made by the purchaser of a vessel to a shipyard which in turn reflects the performance of services over the contract;

   For income derived from providing ship and fleet valuations, the Group recognises income when a valuation certificate is provided to the client and the service is invoiced.

ii) Technical – fee income comprises fees for the supply of technical and energy loss adjusting services. Income from technical services is recognised on a time incurred and recoverable expenses basis net of provisions.

iii) Logistics – agency income is recognised at the point when the ship sails from the port. Forwarding and logistics income is recognised when the ship departs. Where the Group acts as a principal rather than as agent, the revenue and costs are shown gross.

iv) Environmental – revenue from environmental services is recognised at the contractual rates, as labour hours are delivered and direct expenses incurred.

Other income of the Company consists of dividends from investments. Dividend income from investments is recognised when the shareholders' legal rights to receive payment have been established.

e) Foreign currencies
The presentational currency of the Group is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into derivative financial instruments contracts, mainly forward contracts and other derivative currency contracts (see Note 1(l)).

Assets and liabilities of overseas subsidiaries, branches and associates are translated from their functional currency into pounds sterling at the exchange rates ruling at the balance sheet date. Trading results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of overseas subsidiaries are dealt with through the foreign currency translation reserve (see Note 25), whilst those arising from trading transactions are dealt with in the income statement. On disposal of a business, the cumulative exchange differences previously recognised in the foreign currency translation reserve relating to that business are transferred to the income statement as part of the gain or loss on disposal.

Notes to the consolidated financial statements
continued

1 Accounting policies continued
f) Taxation
The taxation expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred taxation on all taxable temporary differences. Deferred tax assets and liabilities are recognised separately on the balance sheet. Deferred tax assets are recognised only to the extent that they are expected to be recoverable. Deferred taxation is recognised in the income statement unless it relates to taxable transactions taken directly to equity, in which case the deferred tax is also recognised in equity. The deferred tax is released to the income statement at the same time as the taxable transaction is recognised in the income statement. Deferred taxation on un-remitted overseas earnings is provided for to the extent a tax charge is foreseeable.

g) Goodwill
On the acquisition of a business, fair values are attributed to the net assets (including any identifiable intangible assets) acquired. Goodwill arises where the fair value of the consideration given exceeds the fair value of the net assets acquired. Goodwill is recognised as an asset and is reviewed for impairment at least annually. Impairments are recognised immediately in operating costs in the income statement. Goodwill is allocated to cash-generating units for the purposes of impairment testing. On the disposal of a business, goodwill relating to that business remaining on the balance sheet is included in the determination of the profit or loss on disposal. As permitted by IFRS 1, goodwill on acquisitions arising prior to 1 March 2004 has been retained at prior amounts and will be tested annually for impairment.

In relation to acquisitions where the fair value of assets acquired exceeds the fair value of the consideration, the excess fair value is recognised immediately in the income statement.

h) Intangible assets
i) Computer software
The Group capitalises computer software at cost. It is amortised on a straight-line basis over its estimated useful life of up to four years. The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

ii) Other intangible assets
Intangible assets acquired as part of a business combination are stated in the balance sheet at their fair value at the date of acquisition less accumulated amortisation and any provisions for impairment. The amortisation of the carrying value of the capitalised forward order book and customer relationships is charged to the income statement over an estimated useful life of two to ten years. The carrying values of intangible assets are reviewed for impairment at least annually or when there is an indication that they may be impaired.

i) Property, plant and equipment
Property, plant and equipment are shown at historical cost less accumulated depreciation and any impairment value.

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 and short 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

j) Investments
Investments in associates and joint ventures where the Group has significant influence are accounted for under the equity method of accounting in the financial statements.

Investments where the Group has no significant influence are held at fair value.

Investments in the Company are shown at cost less impairment.

k) Impairment
The carrying amount of the Group's assets other than financial assets within the scope of IAS 39 and deferred tax assets, are reviewed each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is determined based on value in use calculations, which requires the use of estimates. An impairment loss is recognised in the income statement whenever the carrying amount of the assets exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the assets with the exception of goodwill is increased to the revised estimate of its recoverable amount. This cannot exceed the carrying amount prior to the impairment charge. An impairment recognised in the income statement in respect of goodwill is not subsequently reversed.

l) Derivative financial instruments and hedging
Derivatives are initially recognised at fair value and are subsequently re-measured at their fair value at each balance sheet date. Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if it is, the nature of the item being hedged. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement. The Group designates derivatives that qualify for hedge accounting as a cash flow hedge where there is a high probability of the forecast transactions arising. The effective portion of changes in the fair value of these derivatives is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement at the same time as the gains or losses on the hedged items. When a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

The fair value of forward foreign exchange contracts is based either directly (i.e. as prices) or indirectly (i.e. derived from prices) at the balance sheet date.

m) Trade and other receivables
Trade and other receivables are recognised and carried at the lower of their original value and recoverable amount. Provision is made where there is evidence that the balances will not be recovered in full.

n) Cash and cash equivalents
Cash and short-term deposits included in the balance sheet comprise cash in hand and short-term deposits with an original maturity of three months or less.

Cash and cash equivalents included in the cash flow statement include cash and short-term deposits, net of bank overdrafts.

Restricted cash comprises cash balances where the Group is holding cash as escrow agent for certain clients, pending completion of transactions in which the Group acted as broker. The amounts are held in designated accounts and any interest earned is due to the clients.

o) Provisions
Provisions are recognised when the Group has a present obligation (legal or otherwise) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If material, the provisions are discounted using an appropriate current pre-tax interest rate.

p) Share-based payments
The fair value at the date of grant of share-based remuneration, principally share options, is calculated using a binomial pricing model and charged to the income statement on a straight-line basis over the vesting period of the award. The charge to the income statement takes account of the estimated number of shares that will vest. All share-based remuneration is equity settled. The balance sheet entry is included in reserves. Shares issued in respect of the deferred bonus plan are valued at the market value on the date the shares are purchased.

The Company reflects the fair value of the share-based payments as an investment in its subsidiaries.

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

r) Pension scheme arrangements
The Group operates several defined contribution pension schemes. The assets of the schemes are held separately from those of the Group within independently administered funds. The pension cost charge represents contributions payable by the Group to the fund.

s) Leasing
Operating leases are charged to the income statement as an expense on a straight-line basis over the lease term. Operating lease income is recognised in the income statement as it is earned.

t) Segmental analysis
The Group's segmental analysis is based on its four business segments: Shipbroking, Technical, Logistics and Environmental. This is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting.

The second analysis is presented according to the geographic markets comprising the UK, Singapore, Other Asia, Australia and the Rest of the World. The Group's geographical segments are determined by the location of the Group's assets and operations.

u) Non-current assets held for sale and discontinued operations
A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

2 Segmental information

a) Business segments
Management has determined the operating segments for the Group based on the reports reviewed by the Chief Operating Decision Maker to make strategic decisions. The Chief Operating Decision Maker is the Board of Directors.

The Board consider the business from both a service line and geographical perspective. A description of each of the lines of service is provided on pages 2 and 3.

For management purposes, the Group is currently organised into four operating divisions – Shipbroking, Technical, Logistics and Environmental. These divisions are the basis on which the Group reports its segment information. The reportable segments are derived from an aggregation of operating segments. Unallocated costs relate to Board costs and other costs associated with the Group's listing on the London Stock Exchange.

2 Segmental information continued

The segment information provided to the Board for reportable segments for the year ended 28 February 2014 is as follows:

2014	Shipbroking £'000	Technical £'000	Logistics £'000	Environmental £'000	Inter-divison £'000	**Total £'000**
Revenue	40,866	40,032	38,917	5,771	(55)	**125,531**
Divisional operating profit	2,635	6,798	1,981	107	–	**11,521**
Amortisation of other intangible assets	(295)	(103)	(34)	–	–	**(432)**
Segment result	2,340	6,695	1,947	107	–	**11,089**
Unallocated costs						**(2,238)**
Operating profit						**8,851**
Finance income – net						**196**
Share of loss from joint ventures						**(88)**
Profit before taxation						**8,959**
Taxation						**(2,268)**
Profit for the year attributable to shareholders from continuing operations						**6,691**
Capital additions	673	335	480	175	–	**1,663**
Depreciation of property, plant and equipment and amortisation of computer software	598	336	174	161	–	**1,269**
Segment operating assets	39,712	27,560	15,826	1,888	–	**84,986**
Segment operating liabilities	(10,247)	(4,768)	(17,719)	(858)	–	**(33,592)**

2013		Restated				**Restated**
Revenue	46,362	32,688	37,495	23,399	(260)	**139,684**
Divisional operating profit	5,348	3,744	2,006	2,681	–	**13,779**
Amortisation of other intangible assets	(709)	(644)	(145)	–	–	**(1,498)**
Segment result	4,639	3,100	1,861	2,681	–	**12,281**
Unallocated costs						**(2,951)**
Operating profit						**9,330**
Finance income – net						**255**
Share of profit from joint ventures						**62**
Profit before taxation						**9,647**
Taxation						**(2,447)**
Profit for the year attributable to shareholders from continuing operations						**7,200**
Capital additions	1,219	261	46	193		**1,719**
Depreciation of property, plant and equipment and amortisation of computer software	559	343	182	154		**1,238**
Segment operating assets	39,937	25,800	14,094	2,206		**82,037**
Segment operating liabilities	(13,945)	(4,576)	(16,899)	(1,699)		**(37,119)**

Divisional operating profit is defined as operating profit before amortisation of acquisition related intangibles, non-recurring items and unallocated costs.

Sales between business segments are carried out at an arm's-length basis.

Capital expenditure comprises additions to property, plant and equipment, goodwill and other intangibles including additions resulting from business acquisitions.

Segment assets consist primarily of intangible assets (including goodwill), property, plant and equipment, receivables and other assets. Receivables for taxes, cash and cash equivalents and investments have been excluded. Segment liabilities relate to the operating activities and exclude liabilities for taxes.

b) Geographical segment – by origin
The Group manages its business segments on a global basis. The operation's main geographical area is the United Kingdom. The United Kingdom is the home country of the parent. The geographical regions in which it now reports are shown below.

	Revenue		Capital additions		Non-current assets	
	2014 £'000	Restated 2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
United Kingdom	**76,608**	97,142	**1,265**	1,482	**29,831**	29,904
Singapore	**20,410**	16,123	**210**	70	**3,427**	3,892
Other Asia	**10,543**	10,387	**40**	94	**466**	523
Australia	**6,852**	6,587	**40**	34	**3,606**	3,997
Rest of the World	**11,118**	9,445	**108**	39	**186**	181
	125,531	139,684	**1,663**	1,719	**37,516**	38,497

c) Revenue analysis
All revenue arises from the rendering of services.

There is no one customer that contributes greater than 10% of Group revenue.

3 Operating profit
Operating profits from continuing operations represent the results from operations before share of profits of joint ventures, finance income, finance costs and taxation.

This is stated after charging/(crediting):

	Notes	**2014 £'000**	Restated 2013 £'000
Cost of sales			
Freight and haulage		**25,797**	24,432
Payments to sub-contractors		**3,620**	2,310
Materials and other costs		**2,341**	16,857
		31,758	43,599
Staff costs	4	**63,894**	63,963
Depreciation of property, plant and equipment	14	**1,015**	1,051
Amortisation of computer software	13	**254**	187
Amortisation of other intangible assets	13	**432**	1,538
Impairment of goodwill and other intangible assets[(1)]	12,13	**-**	396
Operating lease rentals:			
– Land and buildings		**2,045**	2,556
– Other		**250**	288
Loss/(profit) on sale of tangible assets		**18**	(37)
Net movements in bad debt provisions		**570**	234
Auditors' remuneration	5	**503**	430
Net foreign exchange losses/(gains) and financial instruments		**238**	185

(1) In addition to the impairment charge in the year ended 28 February 2013 relating to Braemar Casbarian Inc, the deferred consideration liability of £422,000 relating to the estimated remaining consideration for that business was released to the income statement (see Note 22).

Notes to the consolidated financial statements
continued

4 Staff costs
a) Staff costs for the Group during the year (including Directors)

	Notes	2014 £'000	Restated 2013 £'000
Salaries, wages and short-term employee benefits		**55,947**	55,981
Other pension costs	30	**3,143**	2,758
Social security costs		**4,191**	4,545
Share-based payments	24	**613**	679
		63,894	63,963
Discontinued operations		**3,268**	2,854
		67,162	66,817

No staff costs were incurred by the Company.

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Remuneration Report on page 42.

b) Average number of full time employees

	2014 Number	Restated 2013 Number
Shipbroking	**282**	288
Technical	**330**	306
Logistics	**223**	227
Environmental	**55**	51
Central	**4**	4
	894	876
Discontinued operations	**42**	44
	936	920

The Company had no employees. The Directors' remuneration is borne by Braemar Seascope Limited and Braemar Seascope Pte Limited.

c) Key management compensation
The remuneration of key management is set out below. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report on page 42. Key management represents the Directors of the Company.

	2014 £'000	2013 £'000
Salaries, short-term employee benefits and fees	**1,204**	1,841
Post-employment benefits	**–**	80
Share-based payments	**70**	82
	1,274	2,003
Number of key employees	**7**	9

No retirement benefits are accruing to any key management personnel (2013: 2) in respect of defined contribution pension scheme.

5 Auditors' remuneration
A more detailed analysis of auditors' services is given below:

	2014 £'000	2013 £'000
Audit services		
– Fees payable to the Company auditor for audit of the Company and Group financial statements	**86**	70
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	**222**	231
– Other services pursuant to legislation	**22**	20
– Other assurance services	**84**	14
– Tax compliance services	**71**	63
– Tax advisory services	**18**	32
	503	430

All fees paid to the auditors were charged to operating profit in both years.

6 Finance income – net

	2014 £'000	2013 £'000
Finance income:		
– Interest on bank deposits	**253**	296
Total finance income	**253**	296
Finance costs:		
– Interest payable on overdrafts	**(57)**	(41)
Total finance costs	**(57)**	(41)
Finance income/(costs) – net continuing operations	**196**	255
Interest payable – discontinued operations	**–**	(4)
	196	251

7 Taxation

a) Analysis of charge in year

	2014 £'000	2013 £'000
Current tax		
UK corporation tax charged to the income statement	**947**	1,020
UK adjustment in respect of previous years	**347**	(143)
Overseas tax on profits in the year	**1,531**	1,847
Overseas adjustment in respect of previous years	**(37)**	52
Total current tax	**2,788**	2,776
Deferred tax		
UK current year origination and reversal of timing differences	**(80)**	(256)
UK adjustment in respect of previous years	**38**	94
Overseas current year origination and reversal of timing differences	**(446)**	(145)
Overseas adjustment in respect of previous years	**(14)**	(6)
Effect of change of tax rate	**(18)**	(16)
Total deferred tax	**(520)**	(329)
Taxation	**2,268**	2,447

Reconciliation between expected and actual tax charge	2014 £'000	2013 £'000
Profit before tax	**8,959**	9,647
Profit before tax at standard rate of UK corporation tax of 23% (2013: 24%)	**2,061**	2,315
Expenses not deductible for tax purposes	**467**	418
Non-taxable income	**–**	(135)
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	**(90)**	(122)
Tax credit in relation to discontinued operations	**(507)**	–
Joint venture expense/(income) not subject to UK tax	**21**	(10)
Prior year adjustments	**334**	(3)
Effect of change of tax rate	**(18)**	(16)
Total tax charge for the year	**2,268**	2,447

Tax on items charged to equity	2014 £'000	2013 £'000
Current tax debit/(credit) on exercised share options	**(48)**	49
Deferred tax credit on share options	**(149)**	32
Deferred tax credit on cash flow hedges	**30**	(54)
Effect of change of tax rate	**(1)**	(16)
Tax credit in the statement of changes in equity	**(168)**	11

Notes to the consolidated financial statements
continued

7 Taxation continued

Analysis of the deferred tax asset	As at 28 Feb 2014 £'000	As at 28 Feb 2013 £'000
Accelerated capital allowances (includes £199,000 (2013: £203,000) of overseas accelerated capital allowances)	**474**	352
Short-term timing differences (includes £236,000 (2013: £121,000) of overseas short-term timing differences)	**1,170**	669
	1,644	1,021

The movement in the deferred tax asset	2014 £'000	2013 £'000
Balance at beginning of year	**1,021**	1,665
Reclassification	**28**	(351)
Movement to income statement	**521**	(315)
Movement to reserves	**133**	(13)
Exchange differences	**(59)**	35
Balance at end of year	**1,644**	1,021

A deferred tax asset of £1,644,000 (2013: £1,021,000) has been recognised as the Directors believe that it is probable that there will be sufficient taxable profits in the future to recover the asset in full.

The closing deferred tax asset includes £24,000 (2013: £58,000) expected to reverse within the next 12 months of the balance sheet date.

b) Deferred tax liability

Analysis of the deferred tax liabilities	As at 28 Feb 2014 £'000	As at 28 Feb 2013 £'000
Short-term timing differences	**(531)**	(612)
	(531)	(612)

The movement in the deferred tax liabilities	2014 £'000	2013 £'000
Balance at beginning of year	**(612)**	(1,130)
Acquisitions (see Note 29)	**(35)**	(108)
Movement to income statement	**(116)**	644
Amounts available for group relief	**245**	–
Movement to reserves	**(48)**	51
Exchange differences	**35**	(69)
Balance at end of year	**(531)**	(612)

The closing deferred tax liability includes £22,000 (2013: £74,000) expected to reverse within the next 12 months of the balance sheet date.

No deferred tax has been provided in respect of temporary differences associated with investments in subsidiaries and interests in joint ventures where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and interests in joint ventures, for which a deferred tax liability has not been recognised is approximately £4.0 million (2013: £4.6 million).

8 Discontinued Operations

In February 2014, following a detailed review of the Casbarian business, the Directors decided that the business did not align with the other businesses in the Technical division. As a result of the review, the Directors decided to exit the business and sold the business to the local management team on 20 March 2014 generating a loss on disposal of £0.8m. The results for the prior year have been restated.

The results of Casbarian have been reflected in the financial statements as discontinued operations together with a provision for the costs of selling the business. The prior year results have also been restated as discontinued operations.

	2014 £'000	2013 £'000
Revenue	**3,848**	4,090
Cost of sales	**(773)**	(268)
	3,075	3,822
Operating costs		
Operating costs excluding amortisation of other intangible assets	**(4,393)**	(4,129)
Amortisation of other intangible assets	**-**	(40)
	(4,393)	(4,169)
Operating loss	**(1,318)**	(347)
Finance costs	**-**	(4)
Loss before taxation	**(1,318)**	(351)
Taxation	**(115)**	–
Loss for the year	**(1,433)**	(351)
Costs of disposal	**(776)**	–
Loss from discontinued operations	**(2,209)**	(351)

The assets and liabilities associated with the sale are as follows:

	As at 28 Feb 2014 £'000
Non-current assets	**30**
Current assets	**875**
Provision for loss on sale of assets	**(304)**
Assets held for sale	**601**
Current liabilities	**486**
Non-current liabilities	**115**
Liabilities held for sale	**601**
Provision for costs associated with the sale	**518**
Liabilities associated with the assets held for sale	**1,119**

Notes to the consolidated financial statements
continued

9 Dividends
Amounts recognised as distributions to equity holders in the year:

	2014 £'000	2013 £'000
Ordinary shares of 10 pence each		
Final of 17.0 pence per share for the year ended 28 February 2013 (2012: 17.0 pence per share)	**3,526**	3,542
Interim of 9.0 pence per share paid (2012: 9.0 pence per share)	**1,915**	1,870
	5,441	5,412

In addition, the Directors are proposing a final dividend in respect of the financial year ended 28 February 2014 of 17.0 pence per share which will absorb an estimated £3.6 million of shareholders' funds. It will be paid on 15 August 2014 to shareholders who are on the register of members on 18 July 2014. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The right to receive dividends on the shares held in the ESOP has been waived (see Note 24). The dividend saving through the waiver is £192,000 (2013: £207,000).

10 Earnings per share
Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding 659,682 ordinary shares held by the Employee Share Ownership Plan (2013: 764,626 shares) which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary shares. The Group has one class of potential dilutive ordinary shares being those options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Total operations	2014 £'000	2013 £'000
Profit for the year attributable to shareholders	**4,473**	6,824
	pence	pence
Basic earnings per share	**21.38**	32.78
Effect of dilutive share options	**(0.89)**	(1.06)
Diluted earnings per share	**20.49**	31.72

Profit for the year attributable to shareholders	**6,682**	7,176
Continuing operations	**pence**	pence
Basic earnings per share	**31.93**	34.47
Effect of dilutive share options	**(1.32)**	(1.11)
Diluted earnings per share	**30.61**	33.36

	Shares	Shares
Weighted average number of ordinary shares	**20,929,329**	20,815,282
Effect of dilutive share options	**902,575**	695,456
Diluted weighted average number of ordinary shares	**21,831,904**	21,510,738

11 Profit for the financial year
In accordance with the exemptions allowed by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A profit of £5,079,000 (2013: profit of £4,940,000) has been dealt with in the accounts of the Company.

12 Goodwill

Group	£'000
Cost	
At 1 March 2012	38,109
Exchange adjustments	392
At 28 February 2013	38,501
Additions (see Note 29)	277
Reclassified to assets held for sale	(236)
Exchange adjustments	(758)
At 28 February 2014	**37,784**
Accumulated impairment	
At 1 March 2012	7,693
Impairment	255
Exchange adjustments	6
At 28 February 2013	7,954
Reclassified to assets held for sale	(236)
Exchange adjustments	(25)
At 28 February 2013 and 28 February 2014	**7,693**
Net book value at 28 February 2014	**30,091**
Net book value at 28 February 2013	30,547

During the year ending 28 February 2013, the Group charged £255,000 in relation to the impairment of all goodwill associated with the acquisition of Braemar Casbarian Inc due to its lower than expected level of performance. An associated intangible asset was impaired by £141,000 (Note 13). During the year ending 28 February 2014, the Group decided to sell Braemar Casbarian Inc (see Note 8) and as a consequence has reclassified the goodwill associated with business together with the accumulated impairment to assets held for sale.

All goodwill is allocated to cash-generating units. The allocation of goodwill to cash-generating units is as follows:

	2014 £'000	2013 £'000
Shipbroking	**21,917**	22,282
Braemar Technical Services (Engineering) Limited	**204**	204
Cory Brothers group	**3,503**	3,225
Braemar Offshore Pte Limited	**2,723**	3,076
Braemar Technical Services Holdings Limited	**1,623**	1,623
Cory Brothers Singapore	**121**	137
	30,091	30,547

These cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill denominated in foreign currencies is re-valued at the balance sheet date.

All recoverable amounts were measured based on value in use. The forecast cash flows were based on the approved annual budget for the next financial year and management projections for the following four years which are based on estimated conservative growth rates for revenue and costs. Management believe any improvements in the cash flow are achievable. Cash flows have been used over a period of five years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business. After five years a terminal value is calculated using a long-term growth rate of 2.0% (2013: 2.0%). The cash flows were discounted using a pre-tax discount rate of 10.4% (2013: 10.5%) for UK based operations and 10.4% to 12.4% (2013: 10.5% to 12.5%) for overseas based operations.

Sensitivity to impairment

To test the sensitivity of the results of the impairment review, the calculations have been re-performed assuming a long-term growth rate of nil%. The results showed that there was still no indication of impairment.

13 Intangible assets

Group	Computer Software £'000	Other Intangible assets £'000	Total £'000
Cost			
At 1 March 2012	706	8,893	9,599
Additions	296	467	763
Exchange adjustments	–	(12)	(12)
At 28 February 2013	1,002	9,348	10,350
Additions	366	165	531
Exchange adjustments	–	(206)	(206)
At 28 February 2014	**1,368**	**9,307**	**10,675**
Amortisation			
At 1 March 2012	259	6,710	6,969
Charge for the year	187	1,538	1,725
Impairment	–	141	141
Exchange adjustments	12	(21)	(9)
At 28 February 2013	458	8,368	8,826
Charge for the year	254	432	686
Exchange adjustments	–	(206)	(206)
At 28 February 2014	**712**	**8,594**	**9,306**
Net book value at 28 February 2014	**656**	**713**	**1,369**
Net book value at 28 February 2013	544	980	1,524

Other intangible assets relate to forward books of income acquired in acquisitions which are being amortised over the period that the income is being recognised; customer relationships which are amortised over a period of five years; and brand which is being amortised over ten years.

The Company has no intangible assets.

14 Property, plant and equipment

Group	Long leasehold £'000	Short leasehold £'000	Computers £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost or fair value						
At 1 March 2012	5,402	355	3,187	3,135	556	12,635
Additions at cost	300	–	278	260	118	956
Disposals	–	–	(40)	(3)	(65)	(108)
Exchange differences	28	–	58	55	1	142
At 28 February 2013	5,730	355	3,483	3,447	610	13,625
Additions at cost	162	–	211	362	166	901
Disposals	(22)	–	(346)	(89)	(102)	(559)
Reclassification to assets held for sale	–	–	(8)	(37)	–	(45)
Exchange differences	(57)	–	(117)	(92)	(15)	(281)
At 28 February 2014	**5,813**	**355**	**3,223**	**3,591**	**659**	**13,641**
Accumulated depreciation						
At 1 March 2012	1,264	198	2,487	2,009	420	6,378
Charge for the year	266	28	327	339	91	1,051
Disposals	–	–	(7)	(2)	(53)	(62)
Exchange differences	9	–	48	36	–	93
At 28 February 2013	1,539	226	2,855	2,382	458	7,460
Charge for the year	225	29	345	320	96	1,015
Disposals	(22)	–	(342)	(86)	(91)	(541)
Reclassification to assets held for sale	–	–	–	(15)	–	(15)
Exchange differences	(27)	–	(80)	(66)	(3)	(176)
At 28 February 2014	**1,715**	**255**	**2,778**	**2,535**	**460**	**7,743**
Net book value at 28 February 2014	**4,098**	**100**	**445**	**1,056**	**199**	**5,898**
Net book value at 28 February 2013	4,191	129	628	1,065	152	6,165

At 28 February 2014, the Group had no contractual commitments for the acquisition of property, plant and equipment (2013: nil).

The Company has no property, plant and equipment.

Notes to the consolidated financial statements
continued

15 Investments

Group	Joint ventures £'000	Unlisted investments £'000	Total £'000
Goodwill	340	–	340
Share of net assets/cost	743	812	1,555
At 1 March 2012	1,083	812	1,895
Exchange differences	26	7	33
Dividends received	(189)	–	(189)
Share of joint ventures profits retained	–	(5)	(5)
Goodwill	340	–	340
Share of net assets/cost	642	–	642
At 28 February 2013	982	814	1,796
Exchange differences	13	(6)	7
Share of joint ventures profits retained	(88)	–	(88)
Goodwill	340	–	340
Share of net assets/cost	567	808	1,375
At 28 February 2014	**907**	**808**	**1,715**

Company	Subsidiaries £'000	Joint venture Undertakings £'000	Unlisted investments £'000	Total £'000
Cost				
At 1 March 2012	52,918	412	560	53,890
Share-based payments	661	–	–	661
At 28 February 2013	53,579	412	560	54,551
Share-based payments	426	–	–	426
At 28 February 2014	**54,005**	**412**	**560**	**54,977**
Impairment				
At 1 March 2012, 28 February 2013 and 28 February 2014	1,837	–	–	1,837
Net book value at 28 February 2014	**52,168**	**412**	**560**	**53,140**
Net book value at 28 February 2013	51,742	412	560	52,714

The Company invested £426,000 (2013: £661,000) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year (see Note 24).

A list of principal operating subsidiary and joint venture undertakings is as follows:

a) Subsidiaries
Particulars of principal subsidiary undertakings are as follows:

Name of company	Country	Principal activity	Percentage of ordinary shares directly owned	Percentage of ordinary shares indirectly owned
Braemar Seascope Limited	England & Wales	Shipbroking		100
Braemar Seascope Valuations Limited	England & Wales	Valuations		100
Braemar Seascope Pty Limited	Australia	Shipbroking	100	
Braemar Seascope Pte Limited	Singapore	Shipbroking	100	
Braemar Seascope India Private Limited	India	Shipbroking		100
Cory Brothers Shipping Agency Limited	England & Wales	Ship agents	100	
Fred. Olsen Freight Limited	England & Wales	Ship agents		100
Braemar Technical Services (Engineering) Limited	England & Wales	Marine consultants	100	
Braemar Technical Services Limited	England & Wales	Marine consultants		100
Braemar Technical Services Holdings Pte Limited	Nevis	Marine consultants	100	
Braemar Technical Services Offshore Pte Limited	Singapore	Marine consultants		100
Braemar Technical Services Engineering Pte Limited	Singapore	Energy consultants		100
Braemar Technical Services Offshore Sdn Bhd	Malaysia	Marine consultants		49
PT Braemar Technical Services Offshore	Indonesia	Marine consultants		100
Braemar Technical Services Offshore Vietnam Co Limited	Vietnam	Marine consultants		100
Braemar Technical Services Holdings Limited	England & Wales	Energy loss adjuster	100	
Braemar Technical Services (Adjusting) Limited	England & Wales	Energy loss adjuster		100
Braemar Technical Services (USA) Limited	United States	Energy loss adjuster		100
Braemar Technical Services (Adjusting) Pte Limited	Singapore	Energy loss adjuster		100
Braemar Technical Services (Canada) Limited	Canada	Energy loss adjuster		100
Braemar Casbarian Inc	United States	Marine consultants		100
Braemar Howells Limited	England & Wales	Environmental services	100	

All the above subsidiaries were owned at 28 February 2014 and 28 February 2013.

The financial statements of the principal subsidiary undertakings are prepared to 28 February 2014 except for PT Braemar Technical Services Offshore and Braemar Technical Services Offshore Vietnam Co Limited for which the results to 31 December 2013 have been consolidated on the basis that the results to 28 February 2014 would not be materially different.

b) Joint ventures
Particulars of the joint venture companies which have been equity accounted are as follows:

Name of company	Country	Principal activity	Percentage of ordinary shares owned	Accounting reference date
Braemar Quincannon Ltd	England & Wales	Shipbroking	50%	28 February
Braemar Quincannon Pte Limited	Singapore	Shipbroking	50%	31 December

The share capital of Braemar Quincannon Pte Limited is owned by the Company. All other joint ventures are indirectly owned by the Group.

In relation to the Group's interest in joint ventures, the Group's share of the assets, liabilities, income and expenses are shown below:

	2014 £'000	2013 £'000
Current assets	**632**	986
Non-current assets	**20**	34
Current liabilities	**(85)**	(378)
	567	642
Income	**1,112**	1,434
Expenses	**(1,228)**	(1,379)
	(116)	55
Taxation	**28**	7
Share of post tax results	**(88)**	62

The joint ventures have no significant contingent liabilities to which the Group is exposed.

15 Investments continued

c) Unlisted investments

The Group's unlisted shares principally include 1,000 (16.7%) ordinary £1 shares in London Tankers Brokers Panel and 7,500 ordinary £1 shares London Ship Valuation Panel. These have been treated as available for sale investments and not equity accounted, as the Company does not have significant influence as all investors in these companies have equivalent proportional influence. Since the fair value of the investment cannot be reliably measured as the shares are not quoted on a market, it has been held at cost.

16 Other long-term receivables

Other receivables of £242,000 (2013: £261,000) comprised £42,000 (2013: £36,000) in respect of interest bearing loans to 7 (2013: 7) employees in the Shipbroking division repayable over three years and £200,000 (2013: £225,000) in respect of security deposits with landlords and other service providers in the Technical division.

17 Trade and other receivables

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Trade receivables	**35,532**	33,729	**–**	–
Provision for impairment of trade receivables	**(2,880)**	(3,131)	**–**	–
	32,652	30,598	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**1,642**	2,055
Other receivables	**4,590**	3,522	**589**	612
Corporation tax recoverable	**–**	1,081	**–**	–
Accrued income	**8,369**	7,943	**–**	–
Prepayments	**1,740**	1,477	**71**	45
	47,351	44,621	**2,302**	2,712

The total receivables balance is denominated in the following currencies:

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
US dollars	**19,034**	18,087	**–**	–
Pounds sterling	**17,735**	16,764	**2,302**	2,712
Other	**10,582**	9,770	**–**	–
	47,351	44,621	**2,302**	2,712

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

Terms associated with the settlement of the Group's trade receivables vary across the Group but in general are settled in less than 90 days. As at 28 February 2014 trade receivables of £2,784,000 (2013: £3,074,000) which were over 12 months old were treated as impaired and have been provided for. Amounts over 12 months old at 28 February 2014 have not been provided for if they have been recovered since that date. In addition, a provision of £96,000 (2013: £57,000) has been made for specific trade receivables less than 12 months overdue.

The ageing profile of trade receivables as at 28 February 2014 is as follows:

	Group	
	2014 £'000	2013 £'000
Up to 3 months	**25,608**	24,437
3 to 6 months	**3,700**	3,179
6 to 12 months	**3,440**	2,594
Over 12 months	**2,784**	3,519
Total	**35,532**	33,729

The Company has no trade receivables (2013: £nil).

Movements on the Group provision for impairment of trade receivables were as follows:

	2014 £'000	2013 £'000
At 1 March	**3,131**	3,789
Provision for receivables impairment	**1,341**	675
Receivables written off during the year as uncollectable	**(758)**	(891)
Amounts previously impaired collected in period	**(656)**	(500)
Exchange differences	**(178)**	59
At 28 February	**2,880**	3,131

At 28 February 2014, within other classes of trade and other receivables a provision of impairment of £300,000 (2013: £542,000) has been made for accrued income that is greater than 12 months old and within other receivables there is a provision for impairment of £250,000 (2013: £nil).

18 Derivative and other financial instruments

a) Currency risk

The Group's currency risk exposure arises as a result of the majority of its Shipbroking earnings being denominated in US dollars while the majority of its costs are denominated in pounds sterling and from the carrying values of its overseas subsidiaries being denominated in foreign currencies. The Group manages the exposure to currency variations by spot and forward currency sales and other derivative currency contracts.

At 28 February 2014 the Group held forward currency contracts to sell US$4.0 million at an average rate of $1.65/£.

At 28 February 2013 the Group held forward currency contracts to sell US$9.0 million at an average rate of $1.54/£.

The fair value/carrying value of the derivative financial instruments of the Group are as follows:

	2014		2013	
	Book value £'000	Fair value £'000	Book value £'000	Fair value '000
Forward currency contracts				
Assets	**35**	**35**	–	–
Liabilities	**-**	**-**	(94)	(94)

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £35,000 asset (2013: £94,000 liability) which has been deferred in equity.

Amounts of £94,000 have been charged (2013: £136,000 credited) to the income statement in respect of forward contracts which have matured in the period.

The fair value of financial instruments is based on prices quoted by the counterparty (level 2) at the balance sheet date.

Excluding the effect of hedging, the effect on equity and profit before tax if the US dollar strengthened by 10% against sterling, with all other variables being equal, is approximately £2.5 million favourable (2013: £2.7 million). If the US dollar weakened against sterling by 10%, the effect is approximately £2.1 million adverse (2013: £2.2 million).

18 Derivative and other financial instruments continued

b) Interest rate risk

The Group minimises its exposure to interest rate risk by pooling sterling cash balances across the UK Group.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments which are exposed to interest rate risk:

Group	**2014 Within one year £'000**	2013 Within one year £'000
Floating rate:		
Cash and cash equivalents (see Note 20)	**13,694**	23,277

Company	**2014 Within one year £'000**	2013 Within one year £'000
Floating rate:		
Cash and cash equivalents (see Note 20)	**–**	38
Short-term borrowings (see Note 20)	**(101)**	–

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

The other financial instruments of the Group are non-interest bearing.

The effect on equity and profit before tax of a 1% increase in the interest rate, all other variables being equal, is approximately £0.2 million (2013: £0.2 million).

c) Banking facilities

At 28 February 2014, the Group had an overdraft facility for £10.0 million (2013: £8.0 million). At 28 February 2014 none of the facility had been drawn (2013: £nil). The Company and its subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure the above overdraft facility.

d) Credit risk

There are no significant concentrations within the Group or Company.

Concentrations of credit risk with respect to trade receivables are limited due to the diversity of the Group's customer base. The Directors believe there is no further credit risk provision required in excess of normal provisions for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group seeks to trade only with creditworthy parties and carries out credit checks where appropriate. The maximum exposure is the carrying amount as disclosed in Note 17.

e) Capital management

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its capital as consisting of ordinary shares and retained earnings. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group has a policy of maintaining positive cash balances with additional headroom if required through an overdraft facility. This provides cover against the highly cyclical nature of the shipping industry and sufficient cash resources to take advantage of opportunities to acquire businesses that complement the overall strategy of the Group.

The Board monitors the return on capital and underlying business performance to determine the ongoing use of capital, namely executive and staff incentive schemes (and whether to fund this through cash or share incentives); acquisition appraisals ahead of potential business combinations; investment in property, plant and equipment; and the level of dividends.

No changes were made in the objectives, policies or processes during the years ended 28 February 2014 and 28 February 2013.

19 Restricted cash

At 28 February 2013, the Group held restricted cash balances of £0.3 million. Restricted cash comprises cash balances where the Group is holding cash as escrow agent for certain clients, pending completion of transactions in which the Group acted as broker and where the Group is holding payments due to clients on behalf of an insurer. The amounts are held in designated accounts and any interest earned is due to the clients. Restricted cash is denominated in US dollars. A corresponding liability is recorded on the balance sheet as client monies held as escrow agent.

20 Cash and cash equivalents

Cash and cash equivalents comprise £13.7 million held by the Group (2013: £23.3 million).

The carrying amount of these assets approximates to their fair value.

21 Short-term borrowings

	Company	
Company	**2014 £'000**	2013 £'000
Short-term borrowings	**(101)**	–

The Group has no short-term borrowings.

Short-term borrowings comprises the net bank overdraft facility repayable on demand or within 12 months. The Group operates a pooled banking facility for all sterling current account balances across the UK group and has the legal right of offset. The Company's short-term borrowings reflect its contribution to the pooling arrangement. The bank overdraft bears interest based on LIBOR.

The Directors consider the carrying amount approximates the fair value of this liability.

22 Trade and other payables

	Group		Company	
Current liabilities	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Trade payables	**18,055**	18,184	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**1,185**	1,127
Other taxation and social security	**1,011**	1,216	**–**	–
Deferred consideration	**426**	299	**–**	–
Other payables	**1,425**	1,222	**126**	17
Other accruals and deferred income	**11,930**	15,328	**149**	402
	32,847	36,249	**1,460**	1,546

The average credit period taken for trade payables is 49 days (2013: 35 days). The Directors consider that the carrying amounts of trade payables approximate to their fair value.

The deferred consideration liability represents £426,000 in respect of the acquisition of Lawrence Holt Limited in November 2013 (Note 29).

At 28 February 2013, the deferred consideration liability comprised £79,000 in respect of Orca Limited (acquired in April 2012); £47,000 in respect of Cagnoil Limited (acquired in March 2009) and £173,000 in respect of Fred. Olsen Freight Limited ("FOFL") (acquired in December 2007). The amount in relation to FOFL comprised two amounts. The first amount of £389,000 was the expected exercise price of the option to acquire the remaining 20% of FOFL (see Note 30). The second element was an amount of £216,000 which reduced this liability from £389,000 to £173,000 and represented an overpayment for the original 80% of FOFL. The consideration for the 80% of the business was paid in instalments and calculated with reference to the profits made in the first three years following the acquisition. The value of the initial payments was calculated by making an estimate of the profits expected for the first three years of ownership. However, by the time of the final instalment at the end of the three-year period, the total profits made in that period were lower than expected to the extent that the sum of the first two instalments exceeded the value of the final total consideration. Instead of immediately recovering this overpayment, the terms of the agreement specified that any overpayment should then be offset against future payments for the remaining 20%. The two amounts were combined such that overall the liability in respect of FOFL was £173,000. In June 2013, a final payment of £235,000 was made as full and final settlement to acquire the remaining 20%.

23 Provisions

	Employee entitlements £'000
At 1 March 2013	776
Provided in the year	337
Utilised in the year	(368)
At 28 February 2014	**745**

Employee entitlements relate to statutory long service leave in Braemar Seascope Pty Limited and the Braemar Offshore companies.

The maturity profile of the provisions is as follows:

	2014 £'000	2013 £'000
Within one year	**410**	413
Current liabilities	**410**	413
Between one and two years	**62**	62
Between two and three years	**273**	301
Non-current liabilities	**335**	363
Total provisions	**745**	776

The Company has no provisions.

24 Share capital

Group and Company	2014 Number	2013 Number	2014 £'000	2013 £'000
a) Authorised				
Ordinary shares of 10 pence each	**34,903,000**	34,903,000	**3,490**	3,490

	2014 Number	2013 Number	2014 £'000	2013 £'000
b) Issued				
Fully paid ordinary shares of 10 pence each				
As at start of year	**21,652,157**	21,599,862	**2,165**	2,160
Shares issued and fully paid	**19,252**	52,295	**2**	5
As at end of year	**21,671,409**	21,652,157	**2,167**	2,165

During the year ended 28 February 2014, 3,594 shares were issued at 353.2 pence, 9,774 shares were issued at 426.4 pence and 5,884 shares were issued at 271.0 pence as part of the Save As You Earn ("SAYE") Scheme. No shares remained unpaid at 28 February 2013.

During the year ended 28 February 2013, 2,000 shares were issued at 245.0 pence as part of the 1997 Executive Scheme. A further 26,389 shares were issued at 196.4 pence, 21,195 shares were issued at 353.20 pence and 2,711 shares were issued at 271.0 pence as part of the Save As You Earn ("SAYE") Scheme. No shares remained unpaid at 28 February 2013.

The Company has one class of ordinary shares which carry no right to fixed income.

c) Capital redemption reserve

Group and Company	2014 £'000	2013 £'000
Beginning and end of year	**396**	396

The capital redemption reserve arose on previous share buy-backs by the Company.

d) Share-based payments
The Company operates a variety of share-based payment schemes which are listed below.

The total charge for the year relating to all employee share-based payment plans was £613,000 (2013: £679,000) with a further £32,000 (2013: £90,000) incurred in respect of national insurance contributions, all of which related to equity-settled share-based payment transactions. At 28 February 2014, £70,000 (2013: £90,000) relating to national insurance contributions has been accrued in current liabilities but remains unsettled.

i. Share options
The Company operates two employee save-as-you-earn option schemes called the Braemar Seascope Group PLC 2003 Savings-Related Share Option Scheme ("the SAYE Scheme") and the Braemar Shipping Services plc 2008 International Savings-Related Share Option Scheme ("the International SAYE Scheme"). No option may be granted under either scheme which would result in the total number of shares issued or remaining issuable under all of the schemes (or any other Group share schemes), in the ten-year period ending on the date of grant of the option, exceeding 10% of the Company's issued share capital (calculated at the date of grant of the relevant option). Options are granted at a 20% discount to the prevailing market price.

The Company also operates the Braemar Shipping Services 2010 Executive Options Scheme ("the 2010 CSOP") under which options are granted by the Remuneration Committee. The schemes are open to all UK employees and executive Directors and the exercise price of the options granted were at the market price at date of grant. The 2010 CSOP provides for the grant of two types of option – "Non-performance options" and "Performance options". "Non-performance options" are granted to employees only in conjunction with the grant to such employees of an award under the Deferred Bonus Plan (see ii.). Unlike the "Performance Options", the vesting and exercise of "Non-performance options" will not be subject to the satisfaction of performance conditions (although exercise will be dependent on continuous employment within the Group). During the year to 28 February 2014, 325,050 "Non-performance options" and 114,500 "Performance options" were granted under the CSOP (2013: 190,582 "Non-performance options" and 90,041 "Performance options").

Details of the share options in issue and the movements in the year are given below:

Share scheme	Year option granted	Number at 1 March 2013	Granted	Exercised	Lapsed	**Number at 28 February 2014**	Exercise price (pence)	Exercisable between
SAYE								
	2010	5,903	–	(3,594)	(2,309)	**–**	353.2	2012-2013
	2011	16,609	–	(9,774)	(3,287)	**3,548**	426.4	2013-2014
	2012	304,986	–	(5,884)	(32,299)	**266,803**	271.0	2014-2015
	2012	129,250	–	–	(16,539)	**112,711**	272.9	2015-2016
	2013	–	125,351	–	(8,132)	**117,219**	336.2	2016-2017
		456,748	125,351	(19,252)	(62,566)	**500,281**		

Options are valued using a binomial pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

	SAYE	SAYE
Grant date	01 Aug 13	01 Aug 12
Share price at grant date	423.00p	344.40p
Exercise price	336.20p	272.90p
Number of employees	108	54
Shares under option	125,351	133,881
Vesting period (years)	3.0	3.0
Expected volatility	35.40%	34.38%
Option life (years)	3.5	3.5
Risk free rate	3.08%	2.33%
Expected dividends expressed as a dividend yield	5.00%	5.00%
Possibility of ceasing employment before vesting	5.00%	5.00%
Expectation of meeting performance criteria	100.00%	100.00%
Fair value per option	87.47p	69.95p

The expected volatility is based on historical volatility over the last four years. The risk-free rate of return is based on LIBOR.

24 Share capital continued

A reconciliation of option movements during the year is shown below:

	2014		2013	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 March	**456,748**	**278.25p**	442,206	284.84p
Granted	**125,351**	**336.20p**	133,881	272.90p
Exercised	**(19,252)**	**365.24p**	(52,295)	263.25p
Lapsed	**(62,566)**	**291.17p**	(67,044)	322.76p
Outstanding at 28 February	**500,281**	**287.81p**	456,748	278.25p
Exercisable at 28 February	**3,548**	**426.40p**	5,903	353.20p

	2014 Contractual	2013 Contractual
Weighted average remaining life (years)	**1.7**	2.2

The weighted average share price for share options exercised in the year is 482.54 pence (2013: 369.18 pence).

ii. Deferred bonus plan

In 2005 the Company put in place a Deferred Bonus Plan ("the Plan") whereby part of the annual performance-related bonus is delivered in shares, on a discretionary basis, to staff including executive Directors. Under the Plan the shares are bought and held in an employee trust for three years after which the employee beneficiary will become absolutely entitled to the shares provided they remain in employment. Shares are valued at fair value at the date of grant.

During the year ended 28 February 2014, 48,356 shares at a value of £261,000 that were awarded to employees in October 2012 as part of the Plan were delivered to them in October 2013 following the three-year vesting period. In addition, 93,000 shares at a value of £500,000 that were awarded to employees in November 2010 were delivered to them in November 2013 following the three-year vesting period. Awards over 439,550 shares were made to employees during the year and a total of 62,258 share awards lapsed.

During the year ended 28 February 2013, 69,425 shares at a value of £258,000 that were awarded to employees in May 2009 as part of the Plan were delivered to them in May 2012 following the three-year vesting period. In addition, 50,000 shares at a value of £183,000 that were awarded to employees in October 2009 were delivered to them in October 2012 following the three-year vesting period. Awards over 280,623 shares were made to employees during the year and a total of 41,075 share awards lapsed.

As at 28 February 2014, 686,382 deferred shares had been awarded to employees (2013: 461,229) but not yet vested.

iii. Long-term Incentive Plan ("LTIP")

The Company established an LTIP in 2006. LTIP awards take the form of a conditional right to receive shares at nil cost. The awards normally vest over three years and are subject to a performance condition based on earnings per share (EPS). If EPS has increased by RPI plus 4%, the awards vest up to 50% and if EPS has increased by 10% they vest up to 100% with a sliding scale in between.

In May 2012, the final 26,664 shares out of the 80,000 shares awarded in May 2007 were delivered to the executive Directors of Braemar Shipping Services plc, at a value of £93,000 on the date of delivery. In October 2012, LTIP awards over 130,000 shares were made to two executive Directors in addition to the 280,727 awards made in May 2011 and the 196,144 LTIP awards made in June 2010.

25 Shares to be issued

Group and Company	£'000
At 1 March 2012	3,695
Share capital acquired in the year	148
ESOP shares allocated	(534)
At 28 February 2013	3,309
Share capital acquired in the year	267
ESOP shares allocated	(642)
At 28 February 2014	**2,934**

Shares to be issued are a deduction from shareholders' funds and represent a reduction in distributable reserves.

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, Kleinwort Benson (Channel Islands) Limited, for the benefit of the employees. As at 28 February 2014, the ESOP held 659,682 (2013: 764,626) ordinary shares of 10 pence each at a total cost of £2,934,000 (2013: £3,309,000) including stamp duty associated with the purchase. The funding of 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 are paid by the Company and charged to the income statement as they fall due. The shares owned by the ESOP had a market value at 28 February 2013 of £3,349,535 (2013: £2,944,728). The distribution of these shares is determined by the Remuneration Committee. 151,869 shares (2013: 146,089) have been released to employees during the year (see Note 24).

26 Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Deferred consideration reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total £'000
Group						
At 1 March 2012	396	21,346	(389)	5,209	102	26,664
Cash flow hedges						
– Transfer to net profit	–	–	–	–	(136)	(136)
– Fair value losses in the period	–	–	–	–	(83)	(83)
Exchange differences	–	–	–	1,131	–	1,131
Deferred tax on items taken to equity	–	–	–	–	54	54
At 28 February 2013	396	21,346	(389)	6,340	(63)	27,630
Cash flow hedges						
– Transfer to net profit	–	–	–	–	83	83
– Fair value losses in the period	–	–	–	–	35	35
Deferred consideration paid	–	–	389	–	–	389
Exchange differences	–	–	–	(4,391)	–	(4,391)
Deferred tax on items taken to equity	–	–	–	–	(27)	(27)
At 28 February 2014	**396**	**21,346**	**–**	**1,949**	**28**	**23,719**

	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
Company			
At 1 March 2012, 28 February 2013 and 28 February 2014	396	21,346	21,742

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred of £35,000 asset (2013: £83,000 liability). A deferred tax liability of £8,000 (2013: £20,000 asset) is attributable to these transactions.

The translation reserve contains all foreign exchange differences arising from the translation of the Group's net investment in overseas subsidiaries and joint ventures. In the year ending 28 February 2014, the movement on the translation reserve was a debit of £4,388,000 (2013: £1,131,000 credit) which reflected the strength of the pound against other reporting currencies across the Group and the effect of retranslating the net assets held in these currencies into pound sterling at the end of the year.

The deferred consideration reserve at 28 February 2013 contained the estimated cost of acquiring the remaining 20% of Fred. Olsen Freight Limited (see Note 30) which was held under option. This balance was settled in June 2013 (see Note 22).

The merger reserve arose principally in 2001 in relation to acquisitions of Braemar Shipbrokers and Braemar Tankers.

27 Non-controlling interest

	Group £'000
At 1 March 2012	220
Profit for the period attributable to shareholders for the year	25
At 28 February 2013	245
Profit for the period attributable to shareholders for the year	9
Acquisition of non-controlling interest	(254)
At 28 February 2014	**–**

At 28 February 2013, the non-controlling interest represents 20% of Fred. Olsen Freight Limited acquired on 24 December 2007 which was not owned by the Group. The non-controlling interest was acquired by the Group in June 2013 (see Note 22).

28 Reconciliation of operating profit to net cash flow from operating activities

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Profit before tax for the year from continuing operations	**8,959**	9,647	**5,853**	4,264
Loss before tax for the year from discontinued operations	**(2,094)**	(351)	**–**	–
Adjustments for:				
– Depreciation of property, plant and equipment	**1,015**	1,051	**–**	–
– Amortisation of computer software	**254**	187	**–**	–
– Amortisation of other intangible assets	**432**	1,538	**–**	–
– Loss/(profit) on sale of property plant and equipment	**18**	(37)	**–**	–
– Provision for disposal of discontinued operations	**822**	–	**–**	
– Finance income	**(253)**	(296)	**–**	–
– Finance expense	**57**	45	**77**	35
– Share of loss/(profit) of joint ventures	**88**	(62)	**–**	–
– Share based payments	**613**	679	**–**	–
– Net foreign exchange gains and financial instruments	**(238)**	(185)	**–**	–
Changes in working capital:				
– Trade and other receivables	**(4,194)**	3,458	**(283)**	161
– Trade and other payables	**(3,290)**	(769)	**(65)**	537
– Provisions	**(31)**	91	**–**	–
Cash generated from operations	**2,158**	14,996	**5,582**	4,997

29 Business combinations

On 31 October 2013 the Group acquired 100% of the shares for Lawrence Holt Limited situated in Felixstowe in the United Kingdom generating goodwill of £278,000. Cash consideration of £200,000 was paid during the year and an estimated consideration of £426,000 has been deferred which will be paid and is dependent on the multiple of earnings before interest, tax and amortisation over the two years following the date of acquisition.

The fair value of the assets and liabilities acquired was:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Other Intangible assets	–	165	165
Property, plant and equipment	2	–	2
Trade and other Receivables	341	–	341
Cash	38	–	38
Trade and other Payables	(157)	–	(157)
Current tax payable	(5)	–	(5)
Deferred tax liability	–	(35)	(35)
Net assets	219	130	349
Goodwill arising			277
			626
Consideration:			
Consideration paid			200
Deferred consideration			426
Total consideration			626

Included in the results for the year ended 28 February 2014 are revenues of £427,000 and operating profit of £8,000.

In addition, £127,000 was incurred in respect of deferred and contingent consideration relating to acquisitions from previous periods and a further £235,000 in respect of the acquisition of the remaining 20% of Fred. Olsen Freight Limited.

30 Pensions

The Group participates in a number of defined contribution schemes. Contributions of £3,143,000 (2013: £2,758,000) were paid in the year and contributions of £89,000 were due to these schemes at 28 February 2014 (2013: £114,000).

31 Financial commitments

a) Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 28 February are as follows:

	Land and buildings			
2014	**Lease minimum payments £'000**	**Sub-lease income £'000**	**Net minimum lease repayments £'000**	**Other £'000**
Within one year	**1,851**	**(349)**	**1,502**	**212**
Between one and five years	**3,594**	**(188)**	**3,406**	**162**
Over five years	**1,093**	**-**	**1,093**	**-**
	6,538	**(537)**	**6,000**	**374**

	Land and buildings			
2013	Lease minimum payments £'000	Sub-lease income £'000	Net minimum lease repayments £'000	Other £'000
Within one year	1,918	(335)	1,583	196
Between one and five years	4,589	(567)	4,022	353
Over five years	1,383	–	1,383	–
	7,890	(902)	6,988	549

The Group leases various offices and a warehouse under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights.

The Group also leases plant and machinery under non-cancellable operating lease agreements.

There were no commitments under operating leases in the Company.

b) Other commitments

On completion of the acquisition of 80% of Fred. Olsen Freight Limited on 27 December 2007, the Group entered into a put and call option agreement to acquire the remaining 20% of the share capital of Fred. Olsen Freight Limited. The terms of the put option provided that the Group could be required to purchase the remaining portion of the business at any time up until 24 December 2015 and the call option allowed the Group to exercise its right in any event on 24 December 2015 if the option had not been exercised by the vendors prior to this date. The value of the deferred consideration at 28 February 2013 was £389,000 and was based on forecasts at that time. It was included in deferred consideration in current liabilities and subsequent to 28 February 2013 has been settled (Note 22).

32 Contingent liabilities

The Company has given a guarantee to HM Revenue and Customs in respect of duty deferment in the amount of £1.9 million (2013: £1.5 million). Further guarantees to HM Revenue and Customs and third parties total £0.7 million (2013: £0.7 million).

In addition, the Company and its subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure the above overdraft facility (see Note 18).

Notes to the consolidated financial statements
continued

33 Related party transactions
During the period the Group entered into the following transactions with joint ventures and investments:

Group	2014 Recharges to/(from) £'000	2014 Dividends £'000	2014 Balance due from £'000	2013 Recharges to/(from) £'000	2013 Dividends £'000	2013 Balance due from £'000
Braemar Quincannon Limited	**(4)**		**53**	6	–	57
Braemar Quincannon Pte Limited	**(5)**	**–**	**–**	(189)	189	5
London Tankers Broker Panel	**310**	**–**	**–**	301	–	–
London Central Cruise Moorings	**17**	**–**	**–**	15	–	–

All recharges to related parties are carried out on an arm's-length basis.

Alan Marsh stepped down as a Director on 31 July 2012 and was employed by the Company as a sale and purchase broker. Of the remuneration he received in the twelve month period subsequently, £62,000 has been charged in the year ending 28 February 2014.

Quentin Soanes stepped down as a Director on 31 July 2012 and ceased employment with the Company on 30 September 2012. Subsequently he provided services as a consultant to the Technical, Logistics and Environmental businesses and in accordance with a consultancy agreement received fees of £952,000 (including a performance related incentive payment of £655,000) in the twelve months after stepping down of which £127,000 was paid in the year ending 28 February 2014. The performance related incentive payment was charged in the year ended 28 February 2013.

Under the Merger Agreement dated 7 March 2001 between the Company and Braemar Shipbrokers Ltd, the vendors gave a joint and several indemnity to the Company for any warranty and tax indemnity claims up to an aggregate of £10 million. The former Chief Executive, Alan Marsh, and a former plc Director of the Company, Quentin Soanes are Braemar Shipbrokers vendors. During the year ended 28 February 2006, the Company received an assessment for corporation tax and interest totalling £2.2 million which is recoverable under the above indemnity. Following receipt of the assessment the Company received funds of £1.6 million from the vendors which were paid to the Inland Revenue in order to prevent interest accruing. Such funds would become repayable to the vendors in the event that the appeal is successful. £0.6 million (2010: £0.6 million) remains outstanding pending the appeal result. The assessment is being appealed and the Company does not expect to incur any cost in respect of this assessment or these contingent liabilities.

Key management compensation is disclosed in Note 4.

During the year the Company entered into the following transactions with subsidiaries and joint ventures:

Company	2014 Recharges to/(from) £'000	2014 Dividends £'000	2014 Balance due from/(to) £'000	2013 Recharges to/(from) £'000	2013 Dividends £'000	2013 Balance due to/(from) £'000
Braemar Shipbrokers Limited	**–**	**2,544**	**(589)**	–	2,600	(589)
Braemar Seascope Limited	**(762)**	**–**	**(64)**	673	–	698
Braemar Technical Services (Engineering) Limited	**(1)**	**–**	**1,261**	19	–	1,262
Braemar Technical Services (Adjusting) Limited	**(19)**	**–**	**37**	56	–	56
Cory Brothers Shipping Agency Limited	**–**	**–**	**(7)**	(2)	1,500	(7)
Braemar Howells Limited	**311**	**–**	**305**	–	2,500	(6)
Cagnoil Limited	**–**	**–**	**39**	39	–	39
Braemar Seascope Pty Limited	**–**	**–**	**–**	–	129	–
Braemar Seascope Pte Limited	**–**	**2,203**	**–**	–	–	–
Braemar Falconer Pte Limited	**–**	**2,147**	**–**	–	–	–
Braemar Quincannon Pte Limited	**–**	**–**	**–**	–	189	–
Portabella Limited	**–**	**–**	**(525)**	–	–	(525)

34 Post balance sheet events
On 20 March 2014, the Group sold its interest in Casbarian to local management (see Note 8).

On 30 April 2014, the Group completed the sale of the Morrison Tours business reported within the Logistics division.

Five-year financial summary
Consolidated income statement

Continuing operations	12 Months to 28 February 2010 £'000	12 Months to 28 February 2011 £'000	12 Months to 29 February 2012[1] £'000	12 Months to 28 February 2013[1] £'000	**12 Months to 28 February 2014 £'000**
Group revenue	119,024	126,135	131,457	139,684	**125,531**
Other operating expenses	(104,644)	(111,641)	(120,320)	(128,856)	**(116,248)**
Non-recurring income and expense	–	–	69	–	**–**
Amortisation of other intangible assets	(1,480)	(1,565)	(1,435)	(1,498)	**(432)**
Total operating expenses	(106,124)	(113,206)	(121,685)	(130,354)	**(116,680)**
Operating profit	12,900	12,929	9,772	9,330	**8,851**
Interest income – net	191	163	196	255	**196**
Share of profit/(loss) from joint ventures	400	103	252	62	**(88)**
Profit before taxation	13,491	13,195	10,220	9,647	**8,959**
Taxation	(3,806)	(3,378)	(2,888)	(2,447)	**(2,268)**
Profit after taxation	9,685	9,817	7,332	7,200	**6,691**
Dividends					
Interim	1,767	1,817	1,812	1,870	**1,915**
Final proposed	3,283	3,421	3,523	3,526	**3,572**
	5,050	5,238	5,335	5,396	**5,487**
Earnings per ordinary share – pence					
Basic	47.93p	48.41p	33.84p	34.47p	**31.93p**
Diluted	47.26p	47.43p	32.53p	33.36p	**30.61p**

(1) Restated for discontinued operations.

Five-year financial summary
Consolidated balance sheet

	As at 28 February 2010 £'000	As at 28 February 2011 £'000	As at 29 February 2012 £'000	As at 28 February 2013 £'000	**As at 28 February 2014 £'000**
Assets					
Goodwill	28,740	30,006	30,416	30,547	**30,091**
Other intangible assets	4,247	2,777	2,630	1,524	**1,369**
Property, plant and equipment	6,510	6,813	6,257	6,165	**5,898**
Investments	1,485	1,694	1,895	1,796	**1,715**
Deferred tax assets	1,208	1,797	1,665	1,021	**1,644**
Other receivables	169	238	233	261	**242**
	42,359	43,325	43,096	41,314	**40,959**
Current assets					
Trade and other receivables	36,918	40,741	46,973	44,621	**47,351**
Derivative financial instruments	–	314	136	–	**35**
Assets held for sale	–	–	–	–	**601**
Restricted cash	5,521	–	335	339	**–**
Cash and cash equivalents	27,930	25,634	17,467	23,277	**13,694**
	70,369	66,689	64,911	68,237	**61,681**
Total assets	112,728	110,014	108,007	109,551	**102,640**
Liabilities					
Current liabilities					
Derivative financial instruments	571	–	7	94	**–**
Trade and other payables	41,706	41,062	36,953	36,249	**32,847**
Current tax payable	3,346	2,379	1,674	1,638	**2,112**
Provisions	288	267	345	413	**410**
Liabilities held for sale	–	–	–	–	**1,119**
Client monies held as escrow agent	5,521	–	335	339	**–**
	51,432	43,708	39,314	38,733	**36,488**
Non-current liabilities					
Deferred tax liabilities	2,001	1,271	1,130	612	**531**
Trade and other payables	–	–	400	–	**–**
Provisions	168	217	325	363	**335**
	2,169	1,488	1,855	975	**866**
Total liabilities	53,601	45,196	41,169	39,708	**36,488**
Total assets less total liabilities	59,127	64,818	66,838	69,843	**65,286**
Equity					
Share capital	2,108	2,110	2,160	2,165	**2,167**
Share premium	11,014	11,077	12,018	12,150	**12,218**
Shares to be issued	(3,198)	(3,275)	(3,695)	(3,309)	**(2,934)**
Other reserves	25,525	26,323	26,664	27,630	**23,719**
Retained earnings	23,534	28,424	29,471	30,962	**30,116**
	58,983	64,659	66,618	69,598	**65,286**
Minority interest	144	159	220	245	**–**
Total equity	59,127	64,818	66,838	69,843	**65,286**

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Timetable

AGM:	4 July 2014
Ex dividend date for 2012/13 final dividend:	16 July 2014
2013/14 Final dividend record date:	18 July 2014
2013/14 Final dividend payment date:	15 August 2014
2014/15 Interim results announcement:	Late October 2014

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