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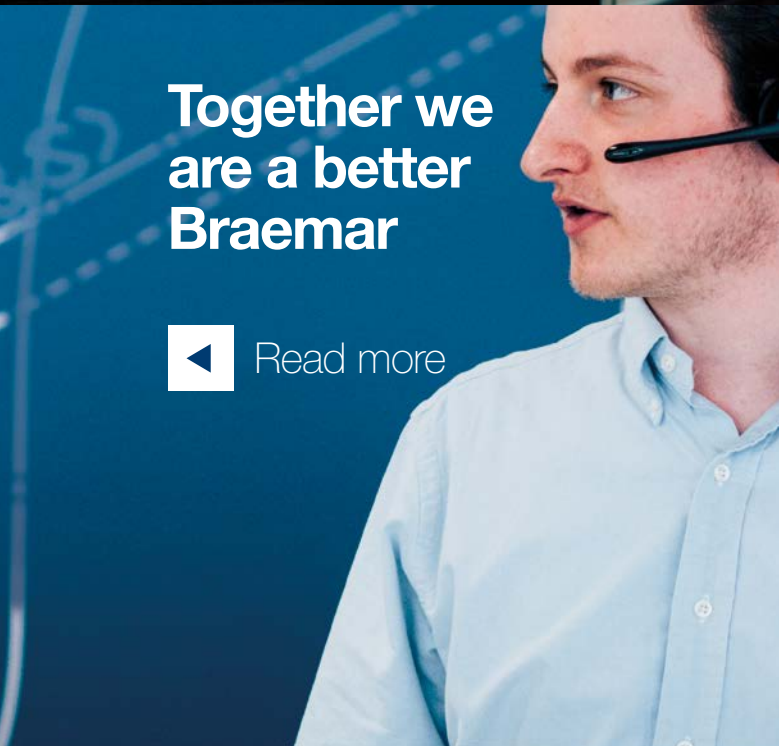
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Together we
are a better
Braemar



Read more

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What we do

The home of integrated marine and energy services

Braemar provides expert market knowledge and professional skills and advice in the shipping and offshore energy markets. We provide technical and practical 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 and skill but are all interconnected and often service the same clients.

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

Our divisions

- Shipbroking
- Technical
- Logistics

2015 highlights

Merger with ACM creates stronger business

Revenue up 16%

£145.8m

(2014: £125.5m)

Net exceptional costs

£6.2m

(2014: £0.4m)

Underlying operating profit⁽¹⁾ up 21%

£11.3m

(2014: £9.3m)

Net cash at 28 February 2015

£7.2m

(28 February 2014: £13.7m)

Basic EPS from underlying operations

31.3p

(2014: 33.5p)

Full year dividend per share

26.0p

(2014: 26.0p)

Operational highlights

- Merger with ACM Shipping Group represents a step change in our Shipbroking division
- Second half underlying operating profit of merged Shipbroking entities up 27% on equivalent period last year
- Shipbroking forward order book up 5% to \$58 million
- Technical increased revenue by 9% and underlying operating profit fell 13% to £6.0 million
- Logistics division increased revenue by 9% and underlying operating profit rose by 15%

(1) Underlying operating profit throughout this document is defined as operating profit before exceptional and acquisition-related items

Stronger together

Expanding our global network

We have created a global network of offices based on hubs in London, Singapore and Houston. This network enables us to provide high quality services to our clients wherever they are required. The merger with ACM has increased our presence in the US and in the Middle East.

Extending our offer to clients

We have three divisions providing a range of services to clients in the shipping, marine and energy sectors. Our clients benefit from the strength and breadth of our knowledge and understanding of these markets. The merger with ACM has improved the depth and quality of our service provision especially in the tanker market.

Global coverage

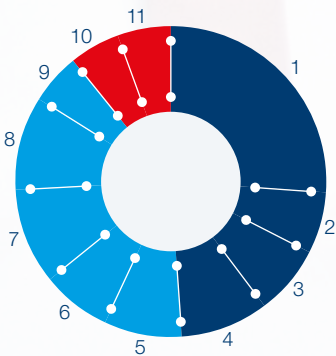


Braemar offices

- Shipbroking
- Technical
- Logistics

Portfolio balance – revenue split*

- **Shipbroking 49%**
 1. Tankers
 2. Sale & Purchase
 3. Offshore
 4. Dry
- **Technical: 41%**
 5. Technical Offshore
 6. Adjusting
 7. Braemar SA
 8. Engineering
 9. Howells
- **Logistics: 10%**
 10. Logistics
 11. Agency



* Estimated revenue split based on H2 2014/15 (excluding Logistics cost of sales).

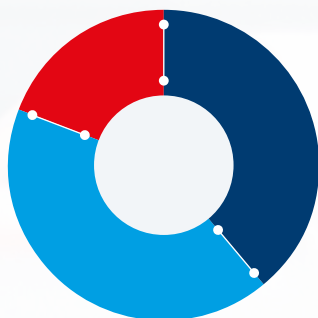


The Group comprises three operating divisions. These work together to offer a unique combination of skills for clients, at any time, anywhere in the world.

Employees – split by division

996
employees

- **Shipbroking** – 39%
- **Technical** – 42%
- **Logistics** – 19%



* Number of employees is quoted including the number of shipbroking staff at the end of the year.

Shipbroking

Strengthening our global network

Following the merger with ACM, Braemar Seascopes was renamed Braemar ACM. Braemar ACM provides shipbroking services to owners and charterers of vessels around the globe from a network of 14 offices based on three principal hubs in London, Singapore and Melbourne.

The Braemar ACM brokers in these locations are specialists in their areas of expertise covering the vast majority of shipping sectors. Whether facilitating sale and purchase transactions or arranging spot or time charters, our merged teams are dedicated to their clients' needs 24 hours a day, 365 days per year.

As we operate in almost all sectors of the market there is a natural balance to the broking portfolio.

Technical

Blending into a strong network

Braemar's Technical division provides a range of shipping and energy sector related services from a network of 27 offices around the world.

Braemar's Technical division has a wide marine and energy sector technical service skill base. This covers loss adjusting for both the shipping and energy markets, marine warranty surveys, marine engineering consultancy and environmental consultancy and clean-up work.

The markets in which we operate are subject to different economic drivers which limit the exposure to any one market dynamic.

Logistics

Expanding global reach

The logistics business trades as Cory Brothers and has been a force in ship agency and logistics for more than 150 years.

As a leading ship agent we provide critical on-shore services to ease the passage of our clients' vessels as they transit through ports in the UK, Singapore and increasingly elsewhere around the globe. We also provide freight forwarding and logistics solutions for clients who require a more tailored service.

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

Commitment

Benefits
of merger
already
evident

As shareholders will recognise the most significant event in this financial year was the merger with ACM Shipping Group plc ("ACM"), and the substantial commitment it represented to the growth of our Shipbroking business. The merger went ahead as your Board recommended at the end of July 2014, and the integration of the two businesses was successfully concluded during the year. I am pleased to say that the benefits of the merger, as evidenced by the improved combined profitability, have exceeded the Board's expectations.



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Results for the year

Revenue for the year increased by 16% to £145.8 million (2014: £125.5 million) and underlying operating profit by 21% to £11.3 million (2014: £9.3 million). Earnings per share were 31.3 pence compared with 33.5 pence last year.

The Shipbroking division contributed £53.6 million in revenues (an increase of £12.7 million) and underlying operating profit of £5.6 million (an increase of £3.0 million). This is not surprising given that these represent the combined revenues and profits of the two businesses for the second half of the year. But the success of the merger can best be measured by comparing the second half combined profit of £4.2 million with the £3.3 million combined profit of the two separate entities in the second half year of 2013/14, an increase of 27%. And of even greater importance was the reorganisation of the desk teams to provide enhanced services to our clients and an improvement in the forward order book.

This was not, of course, achieved without cost – we incurred cash transaction costs of £1.2 million and acquisition-related accounts charges of £2.2 million relating to the merger and incurred some £6.9 million of integration costs, offset in part by a gain of £5.4 million on the sale of our office in Cosway Street. More details of these can be found in the Financial Review.

Shipping markets last year generally worked in our favour. The sharp fall in the oil price resulted in increased activity and freight rates in the tanker market where we operate the largest of our four Shipbroking teams. This undoubtedly helped to bind the teams together and build the forward order book. But by the same token, the lower oil price led to a significant fall-off in rates in the Offshore market which offset some of the gains on the tanker desk.

In the Technical services businesses, the year produced mixed results. Our Technical division, which had enjoyed two years of exceptional performance, saw some slow-down of activity in South East Asia, as a result of the decline in the oil price, but this was offset to a large extent by increased demand for Liquefied Natural Gas (LNG) services. Underlying operating profit was £6.0 million compared with £6.9 million in the previous year.

Our Logistics division again achieved a solid performance with operating profit increased to £2.3 million compared with £2.0 million the previous year.

Board and management

I have been privileged to serve as Chairman of Braemar for the past 12 years. This has been a period of significant change. We embarked on a substantial diversification into shipping services, which I believe has underpinned our success for several years, especially during the low points in the shipping cycle. And the recent merger with ACM will enable us to develop the shipbroking business as a competitive force in global markets for the benefit of our clients, employees and shareholders.

This is, therefore, an appropriate time for me to step down as Chairman of the Group. It has been an enormously enjoyable experience, not least for the many friends I have made during the past 12 years, for whose support and enthusiasm I shall be forever grateful.

I am delighted that David Moorhouse has agreed to succeed me as Chairman. David has long experience serving on the Boards of public and private companies in the shipping and energy fields, most recently as Chairman of Lloyds Register.

This also seemed an appropriate moment to reorganise the Group Board to make it smaller and fit for purpose going forward. We, therefore, announced on 9 April 2015 that Denis Petropoulos, Johnny Plumbe and Tim Jaques will not seek re-election as Directors at the AGM. Denis Petropoulos will become President of Braemar Asia, with responsibility for developing all of Braemar's growing business in the region as well as remaining a member of the Braemar Group Executive Committee. Johnny Plumbe will retire from the Group to pursue his independent consultancy interests.

As announced on 9 April 2015, Martin Beer will step down from the Board at the AGM and be replaced by Louise Evans, who was formerly the Group Finance Director for Williams Grand Prix Holdings plc.

Following these changes, that will take place immediately following the AGM, the Board will comprise:

Non-executive Chairman: David Moorhouse
Chief Executive: James Kidwell
Finance Director: Louise Evans
Non-executive Directors: Alastair Farley (Senior Independent Director), Jürgen Breuer and Mark Tracey

I would like to express the Board's appreciation for the great contribution of Johnny Plumbe to the success of ACM and its successful integration with Braemar and for Tim Jaques' wise counsel over the years. The Board would also wish me to convey particular thanks to Martin Beer for his exceptional contribution as Group Finance Director over the past two and a half years and to welcome Louise Evans to that role.

Dividend

The Directors are recommending for approval, at the Annual General Meeting on 24 June 2015, an unchanged final dividend of 17 pence per share.

This dividend will be paid on 31 July 2015 to those on the register at close of business on 3 July 2015. Together with the 9 pence interim dividend, the Company's dividend for the year of 26 pence (2014: 26 pence) will be covered 1.2 times by earnings from underlying operations.

Colleagues

It is often said that this is above all a people business. I know this to be true. And it is the people of the Braemar businesses who are to be thanked for their efforts over the past year.

Outlook

We have now set a platform for growing our earnings in the years ahead with the volatility of the shipping markets balanced to some degree by the strength and breadth of our services offering. In 2015/16, the Shipbroking division will benefit from a full year of ACM and the associated improvements in efficiency. In addition we expect that the benefit of the improved tanker markets and the strength of the US dollar, will balance the effect of the lower oil price on this division. The Technical division will see a continued strong contribution from LNG-related projects but this is likely to be offset by the impact of slower offshore markets. The Logistics division is expected to benefit from a lower cost base and some improvement in activity. Overall we expect to make further progress in the coming year and the performance since the start of this financial year meets our expectations.

Sir Graham Hearne CBE

Chairman
18 May 2015

Potential

Enhancing growth
potential for our
clients, colleagues
and shareholders



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The merger with ACM

Our major focus during the year just ended has been the evaluation, delivery and successful integration of the merger with ACM. This was a significant task affecting all of our staff in the Shipbroking division. As part of this integration we have amalgamated six offices, fitted out and opened a new office in London and reshaped all the desks around the world to best suit the needs of our clients. We now have substantially stronger and more profitable desks and a strong base from which to grow. While we have strong positions in all the areas where we are represented there are still areas both functionally and geographically where we can expand and it is our intention to do this in the coming years.

Trading performance

I am pleased to report that the results for the year show significant progress and are in line with our plan. Revenue for the year at £145.8 million was up £20.3 million on last year and underlying operating profit at £11.3 million was up £2.0 million on last year. The underlying operating profit quoted is before net exceptional costs of £6.0 million (2014: £0.4 million) and benefits (property sale) associated with all the reorganisations that happened this year. We have separately disclosed these non-recurring activities and the details can be found in the Financial Review.

The Shipbroking divisions showed revenue increased by £12.7 million to £53.6 million and it generated a significant improvement in operating profit from £2.6 million to £5.6 million. It is no longer possible to identify the revenue and profit streams from the integrated ACM business, so it is most instructive to look at the running rate of profitability. The combined business made sales of £32.4 million in the second half, resulting in operating profit of £4.2 million for a half year, which compares with second half published underlying operating profit for last year of £1.5 million and £1.8 million for Braemar shipbroking and ACM respectively – an improvement in combined profitability of 27%. Most importantly we quickly established new desk teams in the first two months following the completion of the merger and the newly merged teams were able to provide enhanced services to our clients. As a result our total forward order book has grown by 5% to approximately US\$58 million, of which \$29 million relates to 2015/16. This has been done from a lower cost base to the cost savings made of more than £4 million per annum. We will invest more to strengthen this base and look to expand further.

After an extremely strong performance from the Technical division in 2013/14 we have delivered a robust performance in challenging market conditions in 2014/15. Revenue from the division was £49.9 million compared with £45.7 million in the prior year. Underlying operating profit at £6.0 million was £0.9 million below the record level of 2013/14. Having consolidated Braemar Environmental into this division, the division consists of five operating entities. Braemar Offshore, which provides surveying and engineering services to the offshore market in Asia, saw lower revenue and profit reflecting reduced activity levels and increased competition. Braemar Engineering, largely providing engineering consultancy to the LNG marketplace, had an excellent year on the back of major contract work. Braemar Adjusting and Braemar Salvage Association, providing surveying and adjusting services to the insurance marketplace, both also showed strong year-on-year progress on the back of stronger and bigger teams. Braemar Howells, our environmental business, did not have any major emergency work and performed in line with the prior year.

Revenue for the Logistics division rose by 9% to £42.4 million mostly on the back of an improvement in freight forwarding business. Underlying operating profit at £2.3 million reflected a strong focus on costs that will continue to benefit the year ahead. Despite this focus on costs we have increased headcount where appropriate and these investments have been rewarded with business wins in Houston for the agency business.

Strategic development

Our objective is to build the Braemar corporate brand to be the most valued provider of knowledge and skill-based services to the shipping and offshore markets on a global basis. The merger with ACM, developing stronger broking teams globally, has been a significant step in this direction, but it is far from the last. We will continue to look to expand in all three of our divisions.

Some of our best opportunities may be available in our Shipbroking division as the marketplace continues to consolidate. Following the merger with ACM, we are now in a much stronger position to attract individuals, teams and other businesses. We will look to do this when we identify the right opportunities that we are confident we are able to integrate and derive further value from.

The Technical division is steadily identifying ways of benefiting from the Braemar umbrella. It is now consistently branded and promoted under the “BRAEMAR” brand. We are in the process of rolling out a single accounting system that will provide benefits to each of the five business units and also enable them to exchange information in a consistent and timely manner. We will build further on this division as and when the opportunities arise.

The Logistics division has used the Braemar presence in Houston to help establish an office there, which is now winning business. We will continue to look at ways of leveraging the Group’s scale and geographic coverage to help the expansion of the division. The Tours business which was non-core was sold in April 2014.

In a business that is totally dependent on its people we have increased our resourcing behind talent recruitment and retention.

Chairman succession

Finally, I would like to express my thanks to Sir Graham Hearne for his Chairmanship of the Board. Graham joined the Board in 1999 becoming Chairman in 2002. He played a key role in the merger of Braemar with Seascope, oversaw the diversification of strategy and most recently the merger of Braemar with ACM. His contribution to Braemar has been immense and we have been very fortunate to benefit from his incisive wisdom and vast experience over the years.

I am now looking forward to working with David Moorhouse and with our new Board to lead the next phase of Braemar’s development.

James Kidwell

Chief Executive
18 May 2015

Integration

An integrated global network of skilled and experienced people delivering services via a trusted global brand

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 energy markets on a global basis.

Business model

Braemar provides expert market knowledge and professional skills and advice to clients in the shipping and energy markets. We do this through a global network of consistently trusted and commonly branded businesses. We focus on providing technical and practical advice and services. Our income is generated through commissions, project fees or charges on an hourly basis for 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 they are all interconnected, complementary and often service the same client. Clients receive the same standards of service from all areas of the Group, which reinforces the value of the global brand. "Braemar" is about expertise, trust, reliability, respectability and being ethically sound.

We are increasingly investing in the recruitment training and development of the people in the business. We invest in technology to enhance our ability to share knowledge and skills across the Group and we look for opportunities to streamline support systems and reduce costs. We allocate capital to the differing segments in which we operate, depending on where we perceive them to be in their economic cycle and to make appropriate value enhancing acquisitions.

Our assets are our people, their client relationships, our reputation and our corporate brand. Beyond investing in our IT infrastructure we have no other significant assets to invest in, so surplus cash is available for rewarding our people, based on the profit they generate, investing in new people, teams or businesses and for dividends to our shareholders. Our equity listing enables us both to reward staff with deferred equity, aligning their objectives with shareholders, and to raise capital to make significant acquisitions should opportunities arise.

Current portfolio drivers

Shipbroking

The Shipbroking business is driven by the number of ship transactions 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 shipping business. The value of trades depends on whether any individual market segment is under or over supplied with ships, the US\$/£ exchange rate and the price of fuel for ships (the bunker price). We are represented in most market segments, which helps balance individual market volatility. Most of our business is denominated in US dollars.

Technical

The portfolio of Technical businesses services the shipping and energy sectors. Long-term growth in global trade and energy provision is therefore a long-term driver for all segments in this portfolio. However, short-term fluctuations will affect each of the segments differently. Where we service

oil exploration this is sensitive to the oil price. Where we provide engineering advice to the Liquid Natural Gas (LNG) market we see a benefit from the increasing trend to cleaner fuels. Where we provide services relating to infrastructure damage we see uplifts in business caused by severe weather or by restrictions on repairs and maintenance budgets.

Logistics

The Logistics business is largely driven by the level of UK import/export business, although we are increasing our exposure to other geographies.

Key performance indicators

- Underlying operating profit
- Earnings per share from underlying operating profit
- Diversity of revenue

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Strategic initiatives

- Strengthening the core
- Maintaining a diversified portfolio
- Nurturing our people
- Building our scale

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Resources and relationships

- People
- Client relationships
- Reputation and brand
- Knowledge management
- Ethical footprint

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Principal risks and uncertainties

- Key person reliance
- Staff retention
- Downturn in market conditions
- Competition
- Currency exposure

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Braemar offices

- Shipbroking
- Technical
- Logistics

Global offices

70+

Number of employees

996*

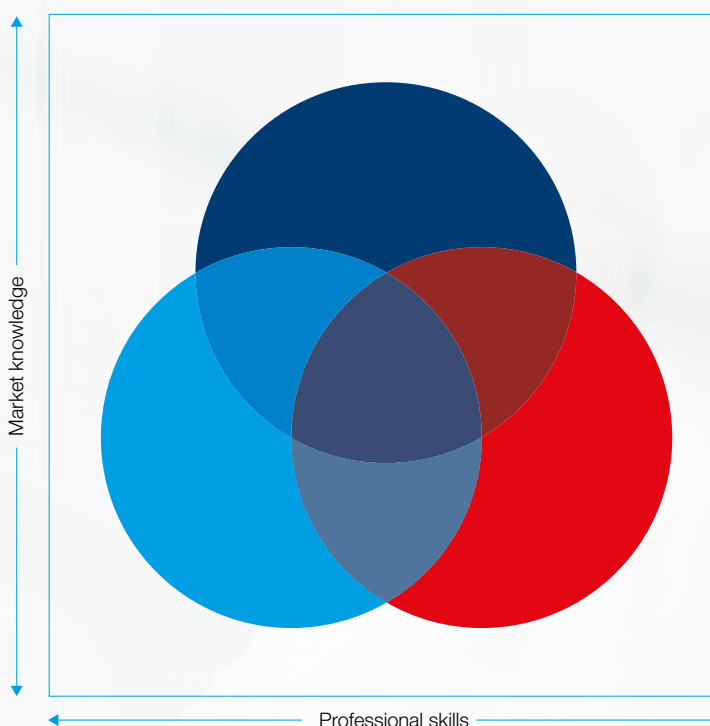
* Number of employees is quoted including the number of Shipbroking staff at the end of the year.

How our business model works

People



Service



Delivery

Dividend



Bonus



Investment in people, teams and information systems



Shipbroking: 389 Technical: 415 Logistics: 192

Opportunity

We service the growing market for global trade and energy provision

Braemar operates in the global shipping and 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 the ever-changing market.

Global economy

Global economic growth is a key demand driver for all shipping markets. Among other things, it determines the rate at which we consume goods and services; the need for energy and transportation and the pace of urbanisation and infrastructure development. Growing wealth also influences consumption patterns such as diet and the energy intensity of the goods we buy. As such, today's global economic growth forecasts are broadly encouraging for shipping markets. After 3.4% global GDP growth in 2012, 2013 and 2014, growth is expected to come in at 3.5% this year and 3.8% in both 2016 and 2017 (IMF April 2015).

Energy market

Oil prices often experience extreme swings up or down. For 55 years until last November, OPEC has stepped in to stabilise and support prices. Since November, however, OPEC's swing producers have seen it in their longer-term political and economic interests to let the market set the price of oil. As a result, the likelihood now is that oil will average below \$70/bbl for the next few years. This lower price has many and varied implications for the entire energy sector.

This is benefiting trade in both crude oil and refined products. Liquid Natural Gas (LNG) prices have dropped too, but the relative price advantage LNG held over oil products has also fallen. As such LNG is likely to give some ground to oil until the price of crude oil recovers. Large regional price differences for Liquid Petroleum Gas (LPG) and LNG markets have also narrowed with the fall in absolute price. This could influence certain LNG and LPG export projects, notably in the US Gulf.

The fall in oil prices is in large part the result of three years of dramatic growth in US shale oil production. While the growth rate of shale oil is expected to dip in response to lower crude prices, so are the average costs of extraction. This has caused oil companies to think hard about higher-cost extraction projects. Many of these projects have either been cancelled or postponed. This in turn has negatively affected the market for oil rigs and support vessels built to service these projects.

Regulation

The shipping markets are subject to 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 and nitrogen 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.

Containership market

The re-emergence of OECD economies is particularly supportive of Chinese containerised export volumes and the all-important East/West trade. The container shipping market welcomes a more robust economic performance from the US (3.6% GDP growth expected in 2015) and the recovery of European economic activity (1.8% GDP growth now expected for 2015). However, oversupply in the container sector still hovers at around 30%, and new orders placed for large containerships are likely to cap any recovery in rates for a few years to come. For the moment, only the smaller feeder containerships are experiencing earnings volatility, as heavy scrapping slowly rebalances supply and demand.

Bulk carrier market

While dry bulk trade also benefits from GDP growth, a heavy reliance on Chinese coal and iron ore imports from Brazil and Australia has left the bulk carrier market dangerously exposed to the slower pace of Chinese economic growth. Chinese steel production – the end-consumer of the country's iron ore – has fallen as the Chinese economy continues to focus away from domestic infrastructure projects and exports towards local consumption and services. Meanwhile, the construction of large dams on Chinese rivers and new nuclear capacity has diverted energy demand away from coal power stations. Overcapacity currently stands at around 16% for Capesizes – the largest bulk carriers that make up 34% of dry bulk capacity. Heavy scrapping since the beginning of this year, as well as the switching of newbuilding contracts from bulkers to tankers has shown the path to recovery, but by most measures it will be a long one. Oversupply for smaller bulkers is less acute: 19% for Panamaxs, 17% for Handymaxes and 16% for Handysize sector.

Tanker market

GDP growth certainly supports the oil trade, but it is the drop in oil prices since June 2014 that has most directly stimulated demand. Driving miles have increased and buyers of new cars are once again favouring the gas guzzlers over more fuel-efficient vehicles. Several countries are also seizing the opportunity to import cheaper crude to build up strategic oil stocks.

Refineries are running as hard as they have been for a long time. Thus far there is little sign of a glut of finished product that would otherwise dent refining profitability; instead the surplus is finding a home either locally or overseas. This export of refined product surplus has further increased demand for shipping, and the tanker market has been able to turn this recovery to its advantage.

Caught between two waves of newbuilding investment (the first in the run-up to 2008, the second since 2013) the tanker fleet was already growing at a historically slow pace. The lower bunker price environment since summer 2014 has allowed owners to post strong earnings since November 2014. This has happened without significantly altering the cost of transportation, and despite an overall speeding up of the world tanker fleet.

As the post-2012 tanker ordering boom starts to make itself felt on clean tanker supply (this year) and crude tanker supply (next year), the tanker market is relying on strong growth in oil trade. Global oil demand projections are encouraging. The IEA (a forecasting agency for OECD countries) expects oil demand in 2015 to grow by 1.2%, up from 0.7% in 2014. But oil trade is likely to grow faster than oil demand this year. Demand growth is generally expected to slow among the

world's key oil exporting countries – potentially freeing up more exports. To hit its 1.2% global oil demand growth target, therefore, the IEA is banking on strong growth among key importing countries.

Gas carrier market

The rapid expansion of US LPG exports and a ready home for all surpluses in Asia has allowed the LPG carrier sector to record historically strong earnings since the start of 2014. Greater volumes moving longer-haul has benefited an LPG fleet that has seen little growth since 2009 (compound average annual growth of 3%). The next two years, however, expect to see rapid fleet growth – particularly for the largest units. We expect the VLGC fleet to grow by 21% in 2015 and 23% in 2016. This leaves the market heavily reliant on a continuation of strong US export growth. For this reason any slowdown in US fracking would cut the supply of LPG within the US and raise the US gas price relative to pricing systems in other regions. This could dent the prospects for exports in the future.

Today's LNG spot market is as low as has been seen to date, and is expected to remain so until new LNG production comes on-stream in the US and Australia. This is due to a mismatch in timing of new vessel deliveries and new production. Where new vessels have been built speculatively it will take some time to be absorbed by the market. However, 90% of all LNG is shipped under long-term contracts, and charter rates for the medium-term charters remain firm.

Offshore market

The falling oil price has been felt most directly in the offshore sector. Cuts in oil company cash flow have led to a reduction in drilling programmes. The order book for rigs and support vessels is still large, with capacity growth peaking over the next 12-24 months. Rates have collapsed and contractors are either laying up tonnage or scrambling to delay delivery of their new buildings. Significant scrapping of older rigs over the past few months has helped, but supply vessel scrapping will need to accelerate if rates are to improve within the next few years. If oil prices rise, the improvement could come more quickly.

Competitive position

Almost all markets these days are highly competitive assisted by the ease of global information flows. Our markets are no exception. Our strategy to create a competitive edge is to recruit and retain the best people, who establish and develop outstanding client relationships based on exceptional service and knowledge provision.

The merger with ACM has helped improve our competitive position in Shipbroking as we now have strong teams in almost all sectors of the shipping market and are better able to recruit key staff and to service our clients.

Our Technical division continues to improve its competitive position through the recruitment of new talent and by coming together under the global "Braemar" brand.

The Logistics division wins business on the basis of its service and in particular its ability to produce useful and manageable information for clients.

Vision

Strength
from scale
and diversity

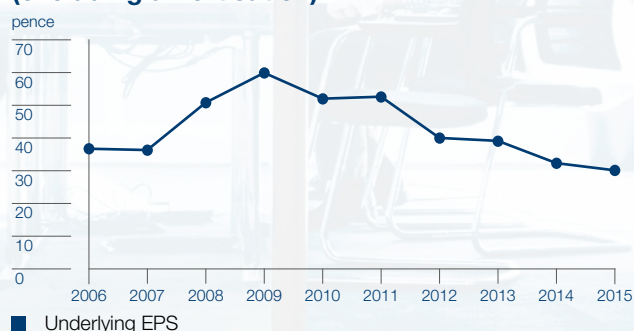
Key performance indicators

The Braemar business is built on the creation of profit and the delivery of value to shareholders. Our KPIs are underlying operating profit, adjusted EPS from underlying operations and diversity of revenue. Underlying operating profit and adjusted EPS are reflected in the remuneration policy.

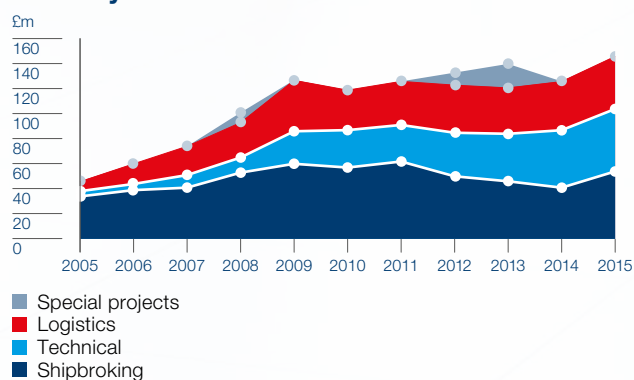
Underlying operating profit



Earnings per share from underlying operations (excluding amortisation)



Diversity of revenue



Our vision

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 energy market on a global basis.

There are four key elements to our action plan to deliver the vision:

Strategic elements

Strengthening the core

- We build our core business through acquiring individuals or teams when and where we believe there is opportunity.
- The merger with ACM enabled a significant strengthening of the Shipbroking division, although further opportunities exist.
- We invest in our information systems to assist our people to deliver the best possible service to clients.

Maintaining a diversified portfolio

- We have a business in three divisions serving eleven separate market segments leading to a balanced and diversified portfolio.
- Each segment of our portfolio covers a different area of knowledge and skill but are interconnected, complementary and often service the same clients.
- We review the balance of this portfolio on an ongoing basis in conjunction with our review of risks and uncertainties and will adjust our investment plans to ensure that an appropriate balance is maintained.

Nurturing our people

- Our people are the key asset of our business. Everything we do is founded on their knowledge, skills and commitment.
- We are increasing the investment in training, recruitment, retention and development of our people.
- We include a significant amount of performance-based remuneration for the majority of staff.
- We are increasing the level of share ownership through the use of share-based reward schemes.
- We are increasing the level of information transfer between the different segments of the Group.

Building our scale

- In a fragmented marketplace, standing out and being known for our quality of service across a broad range of service streams confers a significant advantage.
- We are investing in the development and careful management of the global Braemar corporate brand.
- The merger with ACM has transformed our Shipbroking division and enhanced our global reputation.
- We will continue to invest to grow the scale of the business and leverage the value of the global network and the brand reputation.

Connection

Valuing our people and maintaining our long-term client relationships are fundamental to our business model

Our people and our clients are at the heart of everything that we do. Over time the efforts and success of our people have developed strong customer relationships and helped to build the credibility of the Braemar brand and we support this through continual development of our intellectual property – our knowledge 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 linking of employee's performance to that of the Group is encouraged, where appropriate, through participation in an annual discretionary bonus linked to profit delivery and share option schemes including deferred share awards and UK and International Save As You Earn Schemes. As part of the merger with ACM we specifically awarded retention shares to a number of key employees that vest three to five years after the merger.

The Group is committed to providing a fair and professional workplace for all of its employees and has invested significant sums following the merger with ACM in establishing high quality combined offices across the globe. We are also committed to ensuring high professional standards which are achieved through the application of its employment policies throughout the Group. These cover 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 2015, there were ten Directors of Braemar Shipping Services plc, all of which were male. Out of 996 staff in the Group, 25% are female, with no senior management being female.

We recognise that staff in our Technical and Logistics divisions operate in higher risk environments and each of these divisions employs full time, health and safety professionals 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 also has the ISO 14001 environmental standard.

Our disciplined approach ensures that risks to which staff and contractors are exposed are reduced to a 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 the Group or its companies' reputations.

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 trusted 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 we believe we are market leaders in terms of service to our clients. This is not the case in all areas and we therefore have a number of areas where there is a significant opportunity to grow and enhance our brand.

Our shipbrokers are totally focused on developing and maintaining their client base which is diverse and international. It includes major ship owners, operators and yards as well as energy companies, miners, banks and other financial institutions. There has been an increasing emergence of major players in the Far East over recent years and we have responded with an increasing proportion of Far East based staff.

The client base for 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 environmental business keeps in touch with those who may require their services in an emergency.

Our logistics clients often overlap with our Shipbroking division in the ship operations and energy sectors. In addition we provide services to major multinationals looking for logistics solutions.

Our reputation and brand

Over the last five years we brought the businesses under the Braemar corporate umbrella brand, while retaining the positive association with Cory Brothers and the Salvage Association brands both of which are more than 100 years old. In the current year we have combined the ACM and Braemar Seascope broking entities together under the Braemar brand, trading as Braemar ACM. This continues to grow the recognition of the Braemar corporate brand in the marketplace 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 are key to our strategic objective of building our scale and standing out in a fragmented marketplace. We have built on the strong reputational foundation we have established for Braemar by setting a clean, contemporary and consistent set of visual language and messaging across print and digital communications. The Technical division, for example, has pulled together all their promotional material for the five segments into a single divisional brochure using the Braemar style.

Our knowledge management

We are developing global, proprietary processes and procedures across our chosen markets to manage the information flows in to a pool of useful knowledge. This means that our clients have access to know-how, experience and proven techniques to match their requirements.

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 commercially aware and up-to-date intelligence on trade and supply and demand for tonnage and commodities.

Our ethical footprint

The Group is committed to undertaking business to the highest standards and has very clear ethical guidelines on anti-bribery and corruption, which are issued to all Group companies and training delivered on a rolling basis. The compliance with these ethical guidelines is monitored by the Audit Committee, and through the Group's internal control procedures.

We operate from offices across the globe and our community policy is to focus on support for the maritime community. We continue 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 are not a significant user of environment resources ourselves but often find ourselves advising clients on how to minimise their environmental footprint. Two of our businesses hold ISO 14000 environmental accreditation.

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 ended 28 February 2015. The result of this calculation is compared with last year in the table below. The difference in overseas electricity measure is as a result of different guidelines on the conversion of Kwh to CO₂e, rather than in the underlying Kwh.

Environmental aspect	Total tonnes CO ₂ e	Base year calculations
Overseas electricity	439	246
United Kingdom electricity	566	624
Natural gases	45	53
Fuel – diesel/petrol	288	271
Total tonnes CO₂e	1,338	1,194

Together means: We can manage talent better



Talent

Attracting talent to
the great team we
are already building

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 on the Group.

The table to the right shows our principal risks and uncertainties in detail, discussing their implications and our current and future mitigating activities together with actions by the Group taken in the year and future considerations. We have made an assessment of the impact of the unmitigated risks on the market value of the Group. By definition these unmitigated risks are significant but the risk levels fall after taking account of our control processes and management actions.

In the table to the right we have colour coded the major risks into three broad bands of risk both before and after our mitigating actions as follows:

- Potential significant impact on market value of the Group
- Potential material impact on market value of the Group
- Potential impact on market value of the Group

Our major risks after mitigating actions are around staff retention, currency exposure and market exposure. Our business strategy is to manage our portfolio of business to further reduce the net risks to shareholders.

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
Staff and cost structure				
Reliance on key people in some businesses.	Business value and earnings could be lost if key people leave.	Ongoing focus across all businesses on succession to key personnel.	Continuation of career path planning, carefully planned to ensure suitable for whole Group.	Succession/key person reliance ● Pre ● Post
The ability to retain the most important and high-quality staff in the business.	If the best staff leave, they are likely to take "their" business with them resulting in a loss to the Group.	Market competitive remuneration packages (including equity in the Group), staff contractual terms, focus on staff development and team motivation.	Development of a culture of loyalty and growth together with the incorporation of the award of deferred shares as a formal part of the annual bonus scheme.	Staff retention ● Pre ● Post
Commercial, worldwide and external forces				
All our businesses are subject to global forces and are sensitive to the rate of growth in global GDP where each market has its own drivers.	A downturn in the world economy would result in lower activity and lower rates. The risk of falling oil prices and the knock on effect is a concern impacting divisions operating in the offshore market.	A combination of the Group's strategy of diversification on a sector and geographic basis and being a market leader to protect market share has helped.	Detailed review following the ACM merger has addressed underperforming Shipbroking areas and has resulted in appropriately structured teams across the world.	Downturn in market conditions ● Pre ● Post
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 high quality service and working environment.	Promotion of the Braemar corporate brand, continuing to pursue experienced staff and seeking acquisition opportunities.	Competition ● Pre ● Post
Financial				
A considerable amount of our income is earned from US\$ denominated transactions, while most of our costs are not US\$ denominated.	The Group remains 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.	Ongoing application of the Group Treasury Policy including hedging. Continued strengthening of the link between Group Treasurer and Divisional finance teams.	Currency exposure ● Pre ● Post

Principal risks and uncertainties

continued

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
Professional conduct				
Damage to the Braemar corporate brand due to professional error.	The Braemar brand could be damaged and business lost. This could be at a local level but also across the Group if there is cross-division or geographic contamination.	Generally, no part of the Group is so significant that senior management are unaware of actions of their staff. In addition, Group management carry out site visits and Internal Audits on a regular cycle.	Continue close management monitoring of activities of all staff through the internal control framework (Braemar Management Framework – BMF) to manage key risks including: – Financial risks – Operational risks – Legislative risks – Reputational risks.	Reputational risk ● Pre ● Post
All divisions deal with high-value client assets so any error could result in a loss and potentially result in a significant claim.	Potential financial loss from a 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.	Maintain appropriate insurance cover whilst continuing ongoing corporate review to ensure most appropriate and efficient structures and processes are in place.	Claims from errors and omissions ● Pre ● Post
Braemar ACM merger				
Management time to deliver the integration of the cultures of Braemar and ACM has been significant.	Resource needed to deliver the integration of two businesses at different locations and differing cultures has been significant and could result in lack of focus in other areas or failure of integration.	This key project has been given the highest priority by management together with the recruitment of interim staff to relieve pressure on management time.	Ongoing integration of the two businesses in key areas of Singapore, Australia and the UK. Continued monitoring of progress of cultural integration by Shipbroking Board.	Braemar ACM merger ● Pre ● Post

Shipbroking – Braemar ACM Shipbroking

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

Revenue
+31%

£53.6m

Divisional operating profit
+112%

£5.6m

Offices

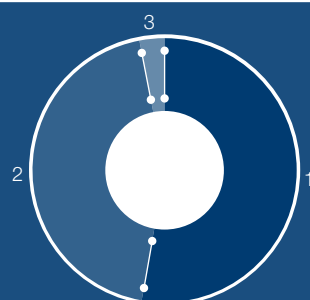
- London
- Singapore
- Aberdeen
- Beijing
- Connecticut
- Dubai
- New Delhi
- Genoa
- Houston
- Melbourne
- Mumbai
- Perth
- Shanghai
- Sydney

Services

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

Employees by location

1. Europe – 53%
2. Asia Pacific – 44%
3. USA – 3%



The Shipbroking division reported revenue up 31% to £53.6 million and underlying operating profit which has more than doubled that achieved in 2013/14 to £5.6 million, following the merger with ACM and the resulting synergies.

Deep Sea Tankers

The respective Braemar and ACM Deep Sea dirty and clean desks have been fully integrated as planned, and are now able to provide excellent market coverage around the world. The major office locations are London and Singapore and we also have teams operating from Beijing, Mumbai, Dubai, Connecticut and Houston. In the second half of the year, OPEC did not seek to cut production to maintain the price of crude oil which has meant that oil supply has continued to improve and the demand for VLCCs and Suezmaxes, in particular, has been consistently strong. Owners have enjoyed the highest freight rates for more than five years and in the first quarter of 2015 VLCC earnings were approximately \$60,000 per day as compared with around \$20,000 per day for much of the last few years. The Clean trades also enjoyed a significant improvement in product carrier demand as the price of crude fell, refinery margins improved and activity increased. The renewed demand and strength in the tanker markets along with an expectation of future volatility has also acted as a stimulus to the long-term period market and our experienced team has been successful in concluding business for the forward order book. The ACM merger brought with it a 50% share in a Freight Forward Agreement (FFA) desk. This desk also had a good second half on the back of increased volatility in the market.

Specialised Tankers

Specialised Tankers covers the transportation of LNG, LPG, petrochemical gases, chemicals and smaller parcels of products. The LNG team, which operates from London and Singapore, performed well increasing their transaction numbers and also concluding significant newbuilding business. The Gas and small tanker teams which are based in London are, post-merger, bigger and have a wider market coverage. During the year the petrochemical gas team has been involved in special long-term projects to assist major petrochemical companies securing their future feedstock needs. European spot activity was quite soft for much of 2014 although refinery activity has been stronger in the latter half of the financial year.

Offshore

Our Offshore department had another good year working from London, Aberdeen and Singapore. Both chartering activity (mainly of anchor handlers and platform supply vessels) and project business was good. However, the fall in the oil price in the second half has caused the exploration and production industry to re-evaluate their budgets and curtail exploration activity which has led to a fall in market sentiment and freight rates. Undoubtedly the outlook for the offshore market in 2015/6 is challenging, with an expectation of lower activity and rates which is, in part, cushioned by a good forward order book.

Review of Operations

continued

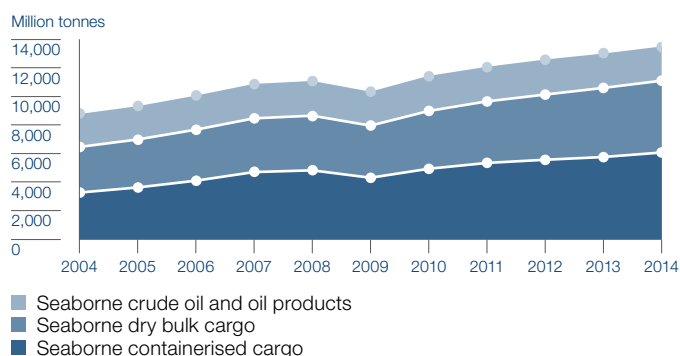
Dry Bulk

The Dry Cargo desk predominantly operates from the Far East with our Australian and Singapore offices the most notable contributors. We are active in all major market categories – Cape, Panamax and Supra/Handysize – and in the early part of 2014 the freight rates were reasonable in most sectors. Chinese iron ore demand is a key driver of the Cape market and the significant increase in new mines particularly in Australia and Brazil, has driven the ore price down over the course of the year which has generally been supportive for demand. However, the continued flow of new tonnage into the market and the slowdown in the growth rate in China has exacerbated the over-supply of dry bulk tonnage and in the final quarter of 2014 freight rates fell by an average of at least 20% and still remain low. An increase in the scrapping of older vessels is needed to correct the imbalance and while we have begun to see this in 2015, the full unwind of excess supply is likely to take some time.

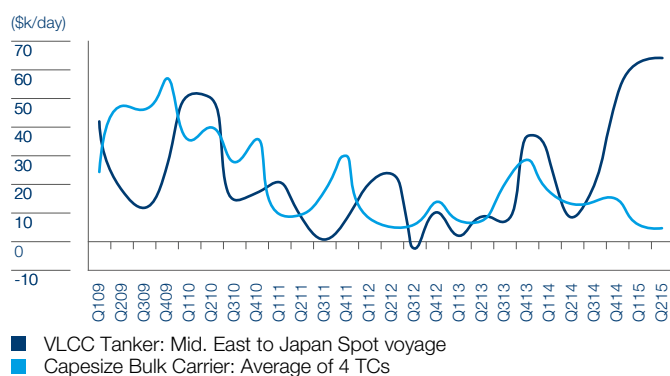
Sale and Purchase

Sale and purchase income was higher than last year mainly due to an increase in second-hand business across the tanker, bulk carrier and container vessel categories. Second-hand tanker values have appreciated quite significantly over the last year in line with the growth in earnings. However, the reverse trend has been evident for bulk carriers, especially in the last six months as their earnings dipped. Newbuilding prices have fallen somewhat over the course of the last year. Demolition was steady for much of 2014 but has picked up strongly in 2015 as older bulkers have been scrapped.

Major Seaborne Cargo Developments



Tanker and Dry Bulk Carrier Earnings



Together means:

Shipbroking board meets regularly to share knowledge



Technical

Braemar's Technical division provides energy loss adjusting, surveying, marine engineering and consultancy services. It employs 415 people in 27 offices across 21 countries.

Revenue
+9%

£49.9m

Divisional operating profit
-13%

£6.0m

Offices

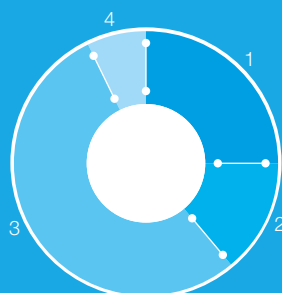
- Abu Dhabi
- Accra
- Bangkok
- Calgary
- Cape Town
- Dubai
- Hong Kong
- Houston
- Istanbul
- Jakarta
- Kuala Lumpur
- Lagos
- Lisbon
- London
- Miami
- Mumbai
- New York
- Perth
- Piraeus
- Rio de Janeiro
- Rotterdam
- Shanghai
- Shenzhen
- Singapore
- Tianjin
- Varna
- Vung Tau

Services

- Marine warranty surveys
- 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
- Dynamic positioning audits
- Shipyard risk assessments
- Towage approvals
- Claims, dispute and litigation support
- Incident response
- Environmental consulting
- Marine salvage support

Employees by location

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



The division reported revenue up 9% on the prior year at £49.9 million as a result of strong growth in Engineering, Adjusting and Braemar SA. Operating profit at £6.0 million was £0.9 million lower reflecting margin pressure and lower activity in Offshore.

Braemar Offshore

The fall in the oil price in the latter half of 2014 has caused a slowdown in worldwide offshore oil and gas exploration activity, and after an excellent performance in 2013, Braemar Offshore's revenue was lower. The company remains a key player in the Asia Pacific region in both the marine warranty survey and engineering consultancy markets and has continued to win important business notwithstanding the industry slowdown. However, market conditions were and continue to be tough and pricing is very competitive. Nevertheless Braemar Offshore is involved with several long-term energy projects which underpin its business and enable it to continue to pursue a long-term expansion plan in the region. It now has 160 highly skilled staff employed across its eight offices in the Far East.

Braemar Engineering

Braemar Engineering has continued to build on a strong result in 2013/14 reporting higher revenue and profits in 2014/15 which are attributable to an increase in both the marine and shore-based LNG consulting. The team in the UK has underlined its reputation as a world leader in LNG vessel engineering and has progressed well with the three-year project for the design, site supervision and crew training for six LNG carrier newbuildings. In the first half, this project moved from the design stage to the construction supervision stage as planned. The office in Houston has also seen solid growth and was appointed to the role of Owner's Engineers to a significant LNG Bunkering and Fuelling project which is aimed at supplying LNG to vessels for use as bunker fuel. Towards the end of the year, we announced our exclusive involvement in the marketing and development of a new cost-effective technology for the design of an LNG containment system. Braemar Engineering will derive revenue next year from the initial development phase of this project. The combination of skills across the two locations will contribute to the overall growth of the business.

Braemar Adjusting

The Adjusting business has performed well in the year and despite the fall in oil price affecting activity in the oil sector in the latter part of the year, revenue from Adjusting has increased in comparison to previous years. The increase in revenue is largely attributable to the ability of the business to retain and expand its market share in existing markets as well as to increase its presence in new areas of operation. The business has carried out a significant recruitment drive and has restructured some areas of the organisation over the past 18 months. This has resulted in a higher level of professional staff at the end of the year compared to the start of the year supported by a lower level of support staff. In the US, in response to relatively flat activity levels in the Gulf of Mexico, Adjusting has expanded its operation in the North Eastern states to capitalise on the existing refining, petrochemical and power sectors and the expanding shale plays. We restructured an underperforming Brazilian operation during the second half of the year and are already seeing improvements in this region. Performances from the offices in London, Singapore and Calgary were strong and in particular our office in Dubai had a successful second full year of operation.

Review of Operations

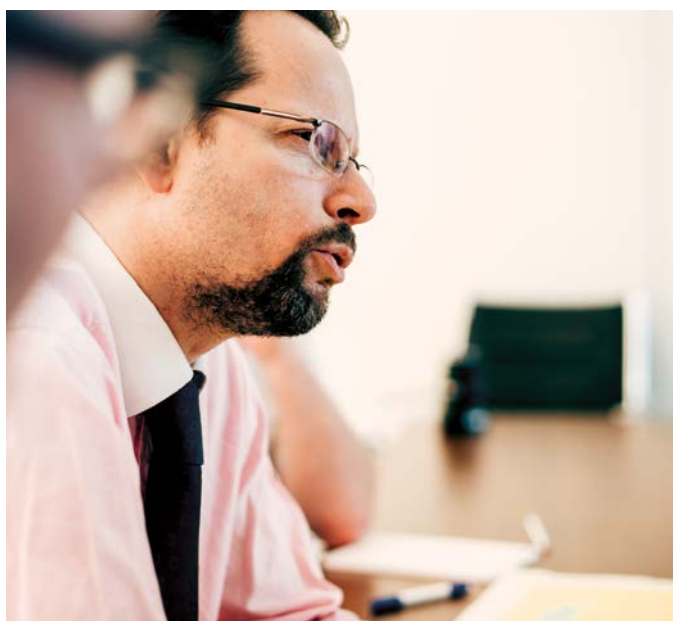
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Braemar SA

Braemar SA performed well in the year and reported a further circa 15% improvement in profitability compared to prior year. Although the number of surveys undertaken was lower than the previous year, reflecting a general trend for fewer casualty claims within the Hull & Machinery market, an increase in the number of consultancy assignments, project cargo surveys, and the more complex Hull & Machinery cases contributed to a higher level of revenue. The business has a wide network of offices and the performance across the different locations varied with a lower level of activity in the South East Asia region, where trading conditions are challenging, offset by an improved performance in the UK and Europe. The business also increased its workforce which underlines its commitment to growth and to supporting its global client base, and to maintaining the technical standards of its staff and strengthening succession planning.

Braemar Howells

Braemar Howells carried out a routine level of business during the year with no major incidents undertaken. The business continues to pride itself on its core skill of providing a 24/7 response service to incidents requiring specialist knowledge and was successfully recredited to ISO 9001, 14001 and OHSAS 18001 during the year. Braemar Howells division with its UK bases strategically positioned around the country gained its 12th consecutive safety award in 2014. Internationally, the business continues to maintain its presence in West and Central Africa which provides consultancy and hire of oil spill response equipment. It has now opened a new office in Perth, Western Australia, to provide consultancy services, including the design and implementation of MARPOL waste reception facilities which are aimed at preventing and minimising the pollution from ships.



Logistics

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

+9%

£42.4m

Divisional operating profit

+15%

£2.3m

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

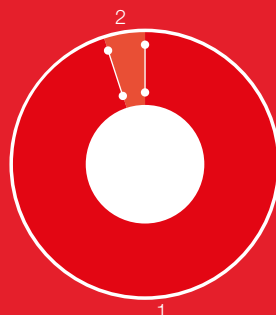
- Singapore
- Houston

Services

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

Employees by location

1. Europe – 95%
2. Asia Pacific – 5%



Cory Brothers increased revenue and divisional operating profit due to stronger than expected volumes from the Freight Forwarding business despite the competitive market place. We carried out a cost reduction programme and management restructuring during the year in order to structure the business efficiently for the future. In the first half of the year we disposed of the non-core cruise tours business.

Port Agency

The Ship agency business services UK ports, the port of Singapore, and has recently expanded into North America with a new office in Houston. The agency business has joint arrangements with many agency partners in particular in Brazil and Gibraltar. The Global Hub business continues to grow through its blue chip customer base and LNG Contracts. The underlying UK port agency market has been challenging, but our market share has increased and ship numbers and profitability have been maintained. In the second half, markets showed signs of improvement and we are seeking to build our market share in 2015/16, as well as growing a presence in North America and continued growth of the Global Hub business.

Forwarding and Logistics

Cory Logistics was able to sustain its position in key business areas, with growth in new services as well as the existing Contract business which was achieved despite a market back-drop of volatile sea freight rates. The number of forwarding jobs increased by 20% and the Liner business provided support for 533 calls during the year.

The division's strategy includes expansion into European markets, continued growth of existing core areas which include contract logistics, import and exports, plus newer services such as "reefer" refrigeration containers. The focus remains on providing clients with exceptional customer service while targeting regional and industry-specific growth segments.



Financial stability

Our diversified portfolio delivers financial stability in changing times



Summary Income Statement

	2015 £'000	2014 £'000	2013 £'000
Revenue	145,848	125,531	139,684
Cost of sales	(37,700)	(31,758)	(43,599)
Operating costs	(94,255)	(82,252)	(82,306)
Divisional operating profit – before central costs	13,893	11,521	13,779
Unallocated costs	(2,621)	(2,238)	(2,951)
Operating profit before exceptional and acquisition-related items	11,272	9,283	10,828
Exceptional and acquisition-related items	(6,045)	(432)	(1,498)
Operating profit	5,227	8,851	9,330

Divisional highlights

	2015 £'000	2014 £'000	2013 £'000
Shipbroking			
Revenue	53,589	40,866	46,362
Divisional operating profit	5,588	2,635	5,348
Operating profit margin	10.4%	6.4%	11.5%
Employee numbers ^{(1), (2)}	337	286 ⁽¹⁾	289
Technical			
Revenue	49,893	45,748	55,827
Divisional operating profit	6,030	6,905	6,425
Operating profit margin	12.1%	15.1%	11.5%
Employee numbers ⁽¹⁾	415	385	358
Logistics			
Revenue	42,366	38,917	37,495
Divisional operating profit	2,275	1,981	2,006
Operating profit margin	5.4%	5.1%	5.4%
Employee numbers ⁽¹⁾	192	223	228

(1) Average annual equivalent number of employees.

(2) Includes Central.

Overview

Group revenue increased compared to 2013/14, primarily as a result of the merger with ACM which contributed seven months of revenue in the year, but also due to an increase in revenue from both the Technical and Logistics divisions each growing by 9%. The operating profit margin has improved significantly in the Shipbroking division following the actions taken after completion of the merger to integrate the teams and reduce cost, and also in the Logistics division which has reduced its cost base. In the Technical division, operating profit margin has reduced in comparison to last year due to a change in mix of business.

Acquisition – ACM Shipping Group plc

On 25 July 2014 we completed the acquisition of ACM Shipping Group plc for a total consideration of £50.4 million, made up of £40.8 million of which was paid through the issue of 8,093,610 shares and £10.1 million in cash. The acquisition of ACM generated goodwill of £45.9 million and an intangible asset of £2.8 million in relation to the forward book of business that ACM held at 25 July 2014. The primary driver behind the acquisition of ACM was our strategy of strengthening the teams of people in the Shipbroking division and as a consequence the majority of the consideration of the transaction has been assessed as goodwill which represents the value of the ACM staff and their contribution to the new larger and stronger business that has been created. During the year, £1.4 million has been amortised

Overview	Performance	Financial statements
Strategy	Governance	Shareholder information

in relation to the intangible asset. This will reduce significantly in future years due to the phasing of the revenue that will be recognised from the forward book.

Exceptional and acquisition-related items

2014/15 has been a year of significant change for the Group with a number of restructuring projects carried out across all divisions, the most significant being the merger of our Shipbroking division with ACM. As a consequence a significant amount of cost and profit have been recognised within exceptional and acquisition-related items in the year. The pre-tax operating cost of all items was £6.2 million.

The acquisition of ACM itself incurred transaction costs of £1.2 million. Intrinsically linked to the merger was a share plan that was put in place to retain key staff. This share plan will bear a cost for the next few years and will be categorised as acquisition-related expenses in future annual and interim reports. The charge in 2014/15 was £0.8 million and will be £1.5 million in 2015/16, £1.6 million in 2016/17 and after that will reduce as the share awards start to vest. Finally, a charge of £1.8 million has been incurred in the year in relation to intangible assets arising from the acquisition of ACM as well as acquisitions from previous years.

In addition, the Group has charged £6.8 million in relation to the restructure of the Shipbroking division which includes redundancy payments, retention bonuses, the closure of smaller offices and the provision for onerous lease contracts. Restructuring projects in the Group's other divisions have also incurred costs of £0.8 million which have been charged within exceptional and acquisition-related items in the year.

Finally, following the Group's relocation of its head office in London it disposed of its long leasehold property. After accounting for the costs of disposal the Group has recognised a profit on disposal of £5.4 million as an exceptional item.

Direct and operating costs

Cost of sales comprises 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 level of costs has increased during the year due to the higher level of business generated by our Forwarding and Liner business in our Logistics division and also the higher level of work undertaken by the Engineering business in our Technical division. Operating costs have also increased due to the inclusion of ACM.

Central costs increased during the year partly as a function of having a larger Board to oversee the merger of Braemar and ACM in the Shipbroking division, and also due to extra resource put in place to support Group-wide projects. The size of the Board will reduce in 2015/16.

Finance costs and joint ventures

The net finance cost for the year of £0.3 million (2014: £0.2 million income) reflects the facility taken out for the ACM merger. The joint venture with Quincannon ceased during the year and we made a small loss on disposal.

Balance sheet

Net assets at 28 February 2015 were £104.3 million (2014: £65.3 million), the increase mainly reflecting the £45.9 million of goodwill recognised from acquiring ACM, but there are also other changes to the composition of the Group balance sheet. The acquisition also led to an increase in working capital items which is representative of the higher Group revenue.

Borrowings and cash

The Group has bank facilities of £15 million comprising a revolving facility of £10 million and an amortising term loan of

£5 million that is repayable at £450,000 each quarter. This facility was established at the time of the ACM merger to enable the payment of the £10.1 million portion of the consideration and to facilitate a higher level of capital expenditure (£4.9 million, 2014: £1.3 million) in the year associated with office relocation and fit-out. At the year end the Group had net cash of £7.2 million made up of £16.3 million of cash and £9.1 million of drawings of the facility. A significant portion of the Group cash balances are trading balances held overseas to fund local operations.

The normal pattern of cash for the Group is for more cash to be generated in the second half of the year than in the first half when payments are made for staff bonuses and the final dividend is paid to shareholders.

Retirement benefits

As part of the acquisition of ACM, the Group acquired a defined benefit pension scheme. This scheme has a net liability of £1.5 million which is recorded on the balance sheet at 28 February 2015 and is similar to the level at the date of acquisition (£1.4 million). The scheme is closed to new members and currently has four active members. We are currently in the process of agreeing scheme specific funding with the pension trustees which will result in an annual cash contribution to the scheme. The current level of contributions is £0.3 million annually.

Foreign exchange

The US dollar exchange rate relative to sterling moved by 8% in the year from US\$1.68/£1 at the start of the year to US\$1.55/£1 at the end of the year. The average rate of exchange allowing for our forward hedge policy was \$1.64/£1 (2014: \$1.58/£1). A significant proportion of the Group's revenue is earned in US dollars and the movement of the exchange rate has impacted earnings to some extent. However, the Group has maintained its treasury policy during the year to mitigate the full impact of the movement in the US dollar and at the end of the year held \$12 million of forward cover at an average rate of \$1.56/£1.

Taxation

The Group's effective tax rate in relation to continuing operations in 2014/15 was 26.5% (2014: 25.7%). The rate is higher than the UK standard rate of corporation tax of 21% due to disallowed expenses and, in the current year, includes the effect of tax deducted on repatriating cash from overseas, without which the effective tax rate would be 24.8%. The Group's profits are spread across a number of jurisdictions with both higher and lower tax rates. In the UK it is expected that the further reduction of the rate of corporation tax from 21% to 20% in 2015/16 will reduce the effective tax rate in future years. Following the merger with ACM it is also expected that a higher proportion of the Group's earnings will be generated in the UK which will change the balance of the effective tax rate towards the UK rate.

Earnings per share

The earnings per share calculation is adjusted for the issuance of shares relative to the ACM acquisition. The weighted average number of shares used within the calculation increases from 20,929,329 to 25,894,887. As a result our adjusted EPS before exceptional and acquisition-related items is 31.3 pence (2014: 33.5 pence). After exceptional and acquisition-related items it is 10.0 pence (2014: 21.4 pence).

Directors' approval statement

The Strategic Report, as set out on pages 1 to 23, has been reviewed and approved by our Board of Directors.

Martin Beer ACA

Finance Director and Company Secretary
18 May 2015

Board of Directors

Non-executive Directors

1. Sir Graham Hearne CBE (77)

Chairman of the Board and Nominations Committee. He will step down from the Board at the cessation of the Annual General Meeting on 24 June 2015.

Committee memberships: Chairman of the Nominations Committee.

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. Alastair Farley (69)

Non-executive Director, Senior Independent Director and Chairman of the Audit Committee.

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. Formerly a non-executive Director and Chairman of the Audit Committee of Close Brothers Group plc.

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

3. David Moorhouse CBE, FNI (68)

Non-executive Director and Chairman of the Remuneration Committee. He will become Chairman of the Board after the Annual General Meeting.

Committee memberships: Chairman of the Remuneration Committee, member of the Audit and Nomination 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: Trustee Director of Trafalgar House Trustees Limited, Director of Maritime London, Director of OAO Sovcomflot and a Director of James Fisher & Sons plc. Life member of the Foundation of Science and Technology.

4. Mark Tracey (51) (appointed 25 July 2014)

Non-executive Director

Committee memberships: Member of the Audit Committee.

Background and relevant experience: Over 25 years' experience in the healthcare industry from Paribas Ltd and Goldman Sachs where he was Co-Head of Global Healthcare Equity Research. He joined the Board of ACM Shipping Group plc in 2012 and the Board of Braemar Shipping Services plc in 2014.

Current external appointments: Arkle Associates LLP and Tred Developments (Barnes) LLP

5. Jürgen Breuer (49) (appointed 25 July 2014)

Non-executive Director

Committee memberships: Member of the Remuneration Committee.

Background and relevant experience: Formerly at Societe Generale, Citibank and Sal Oppenheim, Senior Managing Director responsible for starting and managing GFI Group's Asian businesses. He joined the Board of ACM Shipping Group plc in 2011 and the Board of Braemar Shipping Services plc in 2014.

Current external appointments: Baltic Bau, Immobilienverwaltungs GmbH, Heinrich-Heine-Garten Binz GmbH.

6. Timothy Jaques (71) (appointed 25 July 2014)

Non-executive Director. He will step down from the Board after the Annual General Meeting.

Committee memberships: Member of the Nominations Committee.

Background and relevant experience: 47 years' experience of shipbroking in dry cargo, tanker chartering and sale and purchase. A commercial director at Embiricos for 30 years and formerly a partner at J.C. O'Keefe Ltd. Previously commercial manager of shipping for Koch Industries. He joined the Board of ACM Shipping Group plc in 2010 and the Board of Braemar Shipping Services plc in 2014.

Current external appointments: None.

Executive Directors

7. James Kidwell FCA (53)

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.

8. Martin Beer ACA (52)

Group Finance Director. He will step down from the Board after the Annual General Meeting.

Background and relevant experience: Chartered Accountant. Formerly Finance Director of Unigate Dairies Ltd and from 2002 to 2011, Group Finance Director of Uniq plc. He joined the Board of Braemar Shipping Services plc in 2012.

Current external appointments: None.

9. Denis Petropoulos (58)

Executive Director – responsible for Braemar Shipping Services plc's Asian interests and based in Singapore. He will step down from the Board after the Annual General Meeting but his managerial responsibilities remain unchanged.

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.

10. Johnny Plumbe (62) (appointed 25 July 2014)

Executive Director. He will step down from the Board after the Annual General Meeting.

Background and relevant experience: Co-founder of ACM in 1982 with 44 years' experience in the shipbroking market. He primarily specialises in large tanker broking. He became CEO of ACM Shipping Group plc when the company joined AIM in December 2006 and subsequently became Executive Chairman in November 2012. He joined the Braemar Shipping Services Board in 2014.

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 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 43 describes how the Board and its sub-committees operate and how the Company has applied the Code during the year ended 28 February 2015.

Sir Graham Hearne CBE

Chairman
18 May 2015

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. David Moorhouse CBE has served on the Board for ten 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 Financial Reporting Council'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 and public relations adviser. Corporate announcements are 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.

Since the merger with ACM on 25 July 2014, the Board has comprised the Chairman, five independent non-executive Directors and four executive Directors. The Board has carried out a review of its composition since this date and has recently announced that following the Annual General Meeting on 24 June 2015, Sir Graham Hearne will retire as Chairman and will be succeeded by David Moorhouse CBE. In addition, the Company announced that Timothy Jaques, Denis Petropoulos and Johnny Plumbe will retire from the Board at the Annual General Meeting and Martin Beer will step down as Group Finance Director at the same time and be replaced by Louise Evans who joins the Board having previously served as Group Finance Director of Williams Grand Prix Holdings plc. The Board believes that the future composition, which will be an independent non-executive Chairman, Chief Executive, Group Finance Director and three independent non-executive Directors, 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. During the year Sir Graham Hearne CBE chaired the Board and succeeded David Moorhouse CBE as chair of the Nominations Committee; Alastair Farley is the senior independent non-executive Director and chairs the Audit Committee and David Moorhouse CBE chairs the Remuneration Committee having previously chaired the Nominations Committee.

The Board met eleven 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;
- 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 business activities from the senior management of a division or a business manager.

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 2014/15: 11	Attended
Non-executive Directors	
Sir Graham Hearne CBE	11/11
Alastair Farley	11/11
David Moorhouse CBE	11/11
Mark Tracey	5/5
Jürgen Breuer	5/5
Timothy Jaques	5/5
John Denholm	6/6
Executive Directors	
Martin Beer	11/11
James Kidwell	11/11
Denis Petropoulos	11/11
Johnny Plumbe	5/5

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, Nominations and Remuneration Committees are set out in each of the committee reports, on pages 28, 30 and 31, respectively. The Remuneration Committee Report on pages 31 to 43 is incorporated into this Statement by reference.

Effectiveness

An evaluation of the Board, its committees and its Directors has been conducted during the year. Following completion of the merger with ACM, the Board increased its size with representation from both Braemar Shipping Services plc and ACM Shipping Group plc in order to oversee the integration of the two companies. Following the successful integration, the Board has restructured, as explained in the Leadership section above, establishing an appropriate and effective Board for the future of the Group.

Under the Company's Articles of Association, Directors should submit themselves for re-election every three years. The Director retiring by rotation at the Annual General Meeting and offering himself for re-election is James Kidwell. The Nominations Committee and the Board all unanimously support this re-election.

Biographical information on James Kidwell can be found on page 25 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 45.

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 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 insurance protection to an appropriate amount.

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 ACM Shipbroking Limited, Cory Brothers Shipping Agency Limited, Braemar Howells Limited, Braemar Technical Services (Engineering) Ltd and Braemar Technical Services (Offshore) all hold.

During the year the Group changed its whistleblowing procedure to an externally provided helpline through which any member of staff around the world 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 bribe and this is monitored through internal 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 cyclical peer review process, whereby senior financial managers from within the business conduct an audit of one of the Group's activities for which they have no managerial responsibility. The programme is co-ordinated by the Group Treasurer 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 2014/15: 3

Attended

Alastair Farley	3/3
David Moorhouse CBE	3/3
Mark Tracey	1/2
John Denholm	1/1

Non-executive Directors: Alastair Farley (Chairman), David Moorhouse CBE, Mark Tracey (appointed 25 July 2014) and John Denholm (retired 4 July 2014).

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 Board, the Group Chief Executive, the Group Finance Director, the Group Financial Controller, the Group Treasurer and representatives of the external auditors. In addition to the formal Committee meetings, as Chairman of the Audit Committee I meet separately with the Group external audit partner and his team at least twice a year.

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 2015, 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 and interim review.

The primary areas of judgement that we considered for the year ending 28 February 2015 were:

- accounting for the acquisition of ACM Shipping Group plc. The acquisition represented a significant transaction for the Group and required a significant level of judgement to be applied when assessing the fair value of assets and liabilities acquired. The Committee reviewed the accounts paper prepared by management and critically assessed their methodology and assumptions in light of the Committee's expectations, industry knowledge and experience. The primary underlying reason for the merger was expanding our market coverage and strengthening the teams of brokers in our Shipbroking business and after careful assessment and consideration, the majority of the consideration has been allocated to goodwill which represents the value of the teams acquired. This goodwill was assessed for impairment following the merger and will be assessed on an annual basis in the future;
- the treatment of non-recurring costs resulting from the major restructuring during the year. Management presented a detailed analysis of non-recurring costs to the Committee. The Committee discussed and challenged the non-recurring nature of these costs and their appropriate disclosure in the accounts;
- the assumptions underlying the testing for impairment of the Group's goodwill and intangible assets. The Committee reviewed the results of the Group's annual review for impairment which included the goodwill arising from the acquisition of ACM Shipping Group plc and which showed that there is no impairment and after considering reasonable stress testing concluded 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 not to, is appropriate. Good reason can include making a provision for amounts less than twelve months old if there is a risk of non-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 the Committee discussed and challenged the composition of the provision with executive management. There are no material variances to the policy at 28 February 2015.

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 programme that is provided to staff across the Group. This is an ongoing process and we have continued to develop the education plan during the year which has been supported by an intranet-based Braemar Management Framework which underpins this as well as other core group controls;
- continually increasing the scope of the Group's internal audit programme to both ensure that every location in the group is visited at least every three years, and to increase the level of enquiry of the audits;
- agreeing the audit scope and related audit fee for the year with the external auditors. We put the audit out for tender in 2010 and this resulted in a change of audit firm and the appointment of KPMG LLP. Having reviewed the changing legislation in relation to audit tenders it is now clear we will have to do this again by 2020. We will consider the exact timing linked to the rotation of audit partner (2017) and cessation of a three-year fee agreement (2016);
- reviewing the level of audit fees in comparison to the total fees paid to the auditors for non-audit work. The audit fee represents 53% of the total fees and this is considered acceptable and not inconsistent with other comparable companies; KPMG LLP confirmed they consider themselves independent. The level of non-audit fees in 2015 was distorted by work related to the Group's Class 1 acquisition of ACM;
- a review of Group Treasury Policy following the establishment of a debt facility to fund the merger with ACM Shipping Group plc;
- consideration of the risks associated with the widespread and large number of small entities and locations that exist in the Group and the lower level of controls that naturally exist due to fewer number of employees. Our internal audit programme seeks to address this and the Braemar Management Framework referred to above will also provide an underlying structure to build controls and processes;
- a particular focus on reviewing all the key documents associated with the Class 1 transaction of merger with ACM Shipping Group plc.

Alastair Farley

On behalf of the Audit Committee
18 May 2015

Report of the Nominations Committee



Sir Graham Hearne CBE

Chairman of the Nominations Committee

Number of scheduled meetings in 2014/15: 1

Attended

Sir Graham Hearne CBE	1/1
David Moorhouse CBE	1/1
Alastair Farley	1/1
Timothy Jaques	1/1
John Denholm	0/0

Non-executive Directors: Sir Graham Hearne CBE (Chairman), David Moorhouse CBE, Alastair Farley, Timothy Jaques (appointed 25 July 2014) and John Denholm (retired 4 July 2014).

Terms of reference

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. During the year Sir Graham Hearne CBE succeeded David Moorhouse CBE as Chairman of the Nominations Committee.

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 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.

Following the acquisition of ACM Shipping Group plc, the Board was increased in size to include members from both Braemar Shipping Services plc and ACM Shipping Group plc in order to benefit from the experience of the members of the boards of both companies while overseeing the integration of the Shipbroking businesses. Having successfully completed the integration across the division, the Committee has assessed the composition of the Board and reduced the number of members of the Board from ten to six which it believes to be an appropriate structure for the future of the Group. These changes, including the succession of Sir Graham Hearne as Chairman by David Moorhouse CBE, will take place at the completion of the Annual General Meeting. In addition to this Board restructure, Martin Beer has decided to step down from the Board at the Annual General Meeting and we have appointed Louise Evans as his successor who has previously been Group Finance Director of Williams Grand Prix Holdings plc.

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.

Sir Graham Hearne CBE

On behalf of the Nominations Committee
18 May 2015

Annual Statement by the Chairman of the Remuneration Committee



David Moorhouse CBE

Chairman of the Remuneration Committee

Number of scheduled meetings in 2014/15: 4

	Attended
John Denholm ⁽ⁱ⁾	3/3
David Moorhouse CBE	4/4
Alastair Farley	3/4
Jürgen Breuer ⁽ⁱⁱ⁾	1/1

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

(i) John Denholm was Chairman of the Remuneration Committee until 4 July 2014 when he retired.

(ii) Jürgen Breuer joined the Remuneration Committee on 25 July 2014.

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 28 February 2015.

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 competitors, 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 in the Remuneration Policy approved by shareholders at the 2014 AGM) is aligned to key best practice principles in the UK.

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. Johnny Plumbe is principally involved in broking and therefore participates in the Brokers' Bonus arrangements, rather than the Group annual bonus plan. 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.

Incentive outcomes for 2014/15

- James Kidwell, Martin Beer and Denis Petropoulos participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of their basic salary. For 2014/15 the Committee decided that the performance metric should be a weighted combination with 60% attributable to earnings per share and 40% linked to the achievement Group strategy and operational objectives which included the acquisition and successful integration of ACM Shipping Group plc. The Committee set the earnings per share hurdle for the EPS element of the executive Directors' annual bonus at 26 pence, with the maximum award for the EPS element being triggered at 40 pence. The reported earnings per share from continuing operations of 31.27 pence adjusted to exclude exceptional items and amortisation of intangible assets have been used for the performance assessment producing an excess over the threshold hurdle of 5.27 pence. This resulted in annual bonus outturns for James Kidwell, Martin Beer and Denis Petropoulos of 55% of the maximum. Two-thirds was paid in cash and one-third is payable in deferred shares. For James Kidwell and Denis Petropoulos these will vest in three years' time. Martin Beer, who steps down on 24 June 2015, will be confirmed as a "good leaver" and as such the Committee will exercise its discretion and allow the unvested DBP awards to vest in full on cessation of employment.
- Johnny Plumbe participated in a bonus scheme based on the performance of ACM Shipping Group plc, the terms of which were agreed at the start of the financial year and prior to the acquisition by Braemar. He received a cash payment based on this performance, £30,000 of which related to his period of service as an executive Director of the Group during the year.
- Based on performance over the three years ending 28 February 2015, the LTIP awards made to James Kidwell and Martin Beer in October 2012 did not meet the minimum performance condition over the three-year vesting period and will lapse on 30 October 2015.

Approach to 2015/16

- The Committee believes the executive Directors' fixed remuneration is appropriate to their roles and does not intend to make changes for the coming year.
- As described earlier in this report, Martin Beer, Braemar's Group Finance Director, will step down from the Board and leave the Company on 24 June 2015 and as such he will not be eligible to participate in bonuses for 2015/16. In consideration of his valued contribution, including the acquisition and successful integration of ACM Shipping Group plc, the Committee will confirm him as a "good leaver" for his unvested DBP and LTIP awards. The 2014 LTIP award shall be reduced pro-rata to reflect the extent to which the vesting period has lapsed at the date of cessation of employment. The Committee will exercise its discretion and allow the unvested DBP awards to vest in full on cessation of employment.
- Johnny Plumbe will retire from the Group on 24 June 2015. He will not participate in the 2015/16 annual bonus.
- LTIP awards equivalent to 100% of basic salary will be granted to James Kidwell and Denis Petropoulos. These awards will be based on EPS growth over a three-year period, requiring stretching performance of 13% per annum for maximum vesting.
- The Committee will introduce a right to clawback vested LTIP awards in circumstances where there is a material re-statement of the financial results within two years or discovery of facts which could have entitled the Company to have summarily dismissed the Director without notice.
- Martin Beer will be succeeded by Louise Evans who will be appointed to the Board on 24 June 2015. The Committee considered the remuneration independently of that of her predecessor in accordance with the Company's policy. Louise Evans will receive an annual salary of £200,000 and will be eligible for a maximum annual bonus of 100% of salary (pro-rata for 2015/16). She will receive an LTIP award in 2015/16 of 50% of salary. She will not receive any other payments in respect of her appointment.

Structure of the report

The report has been prepared in two sections:

- 1) The Remuneration Policy (pages 33 to 36). This includes, for information purposes, details of the remuneration policy which was approved by shareholders at the 2014 AGM; and
- 2) The Annual Report on Remuneration (pages 37 to 43) which sets out the details of how our remuneration policy was implemented during 2014/15 and how it will be implemented in 2015/16. This will be put to an advisory shareholder vote at our 2015 AGM.

I will be available, together with my fellow Committee members, at our 2015 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.

David Moorhouse CBE

Chairman, Remuneration Committee
18 May 2015

Remuneration Policy

This part of the report summarises the remuneration policy (the “Policy”) included in the 2013/14 Directors’ Remuneration Report and approved by shareholders at the 2014 AGM. Page numbering and data shown in some of the charts and tables has been updated.

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 2015/16 are set out on page 37 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) as approved by 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 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. In 2015/16 the Committee will introduce a right to clawback vested LTIP awards in circumstances where there is a material re-statement of the financial results within two years or discovery of facts which could have entitled the Company to have summarily dismissed the Director without notice.

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 contracts of the executive Directors for any ex-gratia payments.

It is intended that the 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 2015
Executive		
James Kidwell	20 June 2012	12 months
Martin Beer	25 September 2012	12 months
Denis Petropoulos	1 January 2011	12 months
Johnny Plumbe	25 July 2014	6 months
Non-executive		
Sir Graham Hearne CBE	24 June 2012	1 month
Alastair Farley	11 January 2011	1 month
David Moorhouse CBE	30 April 2012	1 month
Jürgen Breuer	25 July 2014	1 month
Mark Tracey	25 July 2014	1 month
Tim Jaques	25 July 2014	1 month
John Denholm ⁽ⁱ⁾	30 April 2012	1 month

(i) Retired 4 July 2014.

Annual Remuneration Report

Implementation of the Policy for 2015/16

This section sets out details of how the Committee intends to apply the Policy to the current executive Directors in the 2015/16 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.

	2015/16	2014/15	Change
James Kidwell	£350k	£350k	0%
Martin Beer ⁽ⁱ⁾	£237k	£237k	0%
Denis Petropoulos ⁽ⁱⁱ⁾	S\$456k	S\$456k	0%
Johnny Plumbe ⁽ⁱⁱⁱ⁾	£180k	£180k	0%
Louise Evans ^(iv)	£200k	–	–

(i) Martin Beer will retire 24 June 2015.

(ii) Denis Petropoulos will step down from the Board on 24 June 2015.

(iii) Johnny Plumbe will retire on 24 June 2015.

(iv) Joining the Board 24 June 2015.

Annual bonus

The annual bonus for James Kidwell, Denis Petropoulos and Louise Evans will be based on a combination of EPS performance and Group strategy and operational objectives for the year. The majority of the annual bonus will remain based on EPS, with the remainder on strategic and operational objectives. The specific targets are deemed to be commercially sensitive and are therefore not disclosed at this time. To the extent they are no longer considered sensitive they will be disclosed in next year's report. Martin Beer and Johnny Plumbe will not participate in the annual bonus for 2015/16.

LTIP

LTIP awards to James Kidwell and Denis Petropoulos in 2015/16 will be made at the level of 100% of salary and at the level of 50% for Louise Evans (no LTIP awards will be made to Johnny Plumbe and Martin Beer). These will be subject to the following EPS performance targets, measured over the three-year period ending in 2017/18:

EPS growth over the three years to 2017/18	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.

Martin Beer will retire on 24 June 2015. In consideration of his valued contribution, including the acquisition and successful integration of ACM Shipping Group plc, the Committee will confirm him as a "good leaver" for his unvested DBP and LTIP awards. The 2014 LTIP award shall be reduced pro-rata to reflect the extent to which the vesting period has lapsed at the date of cessation of employment.

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.

	2015/16	2014/15	Change
Chairman fee	£100k	£100k	0%
Non-executive Director fee	£35k	£35k	0%
Committee chair fee	£10k	£10k	0%

Directors' Remuneration Report

continued

Implementation in 2014/15

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2015. Those sections that have been audited have been identified below.

Single total figure of remuneration for 2014/15 (audited)

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2015. Those sections that have been audited have been identified below.

The remuneration of the Executive Directors in respect of 2014/15 is shown in the table below (with the prior year comparative).

£'000	Base salary		Benefits ⁽ⁱⁱ⁾		Pension ⁽ⁱⁱⁱ⁾		Annual Bonus ^(iv)		LTIP ^(v)		Total	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
James Kidwell	350	350	7	7	–	–	192	81	–	–	549	438
Martin Beer	237	237	4	4	–	–	130	50	–	–	371	291
Denis Petropoulos ⁽ⁱ⁾	230	230	70	70	–	–	126	50	–	–	426	350
Johnny Plumbe ^(vi)	105	–	2	–	–	–	30	–	–	–	136	–

(i) Denis Petropoulos's base salary is paid in Singapore dollars.

(ii) Benefits include healthcare, life assurance and income protection insurance. For Denis Petropoulos, it also includes a £59,000 housing allowance and additional foreign insurance cover while based in Singapore. 2013/14 benefit figures were restated to include life and income protection insurance.

(iii) Pension includes the value of pension contributions to the Company's defined contribution pension scheme in respect of the relevant year. James Kidwell, Martin Beer, Johnny Plumbe and Denis Petropoulos do not participate in any pension arrangement.

(iv) 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. Martin Beer, who steps down on the 24 June 2015, will be confirmed as a "good leaver" and as such the Committee will exercise its discretion and allow the unvested DBP awards to vest in full on cessation of employment. Johnny Plumbe participated in a bonus scheme based on the performance of ACM Shipping Group plc, the terms of which were agreed at the start of the financial year and prior to the acquisition by Braemar. He received a cash payment based on this performance, £30,000 of which related to his period of service as an executive director of the Group during the year.

(v) LTIP represents the value of the LTIP award which vests in respect of a performance period ending in the relevant financial year. The 2014/15 column shows a value of zero in respect of the 2012 LTIP award which lapsed in full as the performance targets measured to 2013/14 were not met. 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.

(vi) Johnny Plumbe was appointed to the Board on 25 July 2014 and therefore the 2014/15 amounts reflect his period of service as an executive director of the Group.

The fees of the non-executive Directors in respect of 2014/15 are shown in the table below (with the prior year comparative).

£'000	Fees	
	2014/15	2013/14
Sir Graham Hearne CBE	100	75
John Denholm ⁽ⁱ⁾	21	42
Alastair Farley	45	42
David Moorhouse CBE	45	42
Jürgen Breuer ⁽ⁱⁱ⁾	21	–
Mark Tracey ⁽ⁱⁱ⁾	21	–
Tim Jaques ⁽ⁱⁱ⁾	21	–

(i) Retired from the Board 4 July 2014 and services ended 30 September. The 2014/15 amounts reflect this.

(ii) Appointed to the Board on 25 July 2014 and therefore the 2014/15 amounts reflect this.

Payments to past Directors (audited)

None.

Payments for loss of office (audited)

None.

Annual bonus for 2014/15 (audited)

James Kidwell, Martin Beer and Denis Petropoulos participated in the annual performance-related bonus arrangements. During 2014/15 the maximum annual bonus opportunity was 100% of their basic salary. For 2014/15 the Committee decided that the performance metric should be a weighted combination with 60% attributable to earnings per share and 40% to the achievement of specific tasks linked to Group strategy and operational objectives. Individual performance on specific tasks was assessed for the three executive Directors' which included the acquisition and successful integration of ACM Shipping Group plc. The Committee set the earnings per share hurdle for the EPS element of the executive Directors' annual bonus at 26 pence, with maximum award being triggered at 40 pence. The reported earnings per share from continuing operations of 31.27 pence adjusted to exclude exceptional items and amortisation of intangible assets have been used for the performance assessment producing an excess over the threshold hurdle of 5.27 pence. This resulted in annual bonus outturns for James Kidwell, Martin Beer and Denis Petropoulos of 55% of the maximum. For James Kidwell and Denis Petropoulos two-thirds was paid in cash and one-third is payable in deferred shares which vest in three years' time. Martin Beer, who steps down on 24 June 2015, was paid in cash. This amount is shown in the "single total figure of remuneration" table above. Johnny Plumbe participated in the Brokers' bonus scheme.

2012 LTIP award – vesting in respect of 2014/15 (audited)

The 2012 LTIP awards were granted in October 2012 and were based on performance over the three-year performance period ending in 2015/16 against the EPS targets set when the award was granted, summarised in the table below. Based on the annual results to February 2015 the Committee determined that the 2012 LTIP awards made to James Kidwell and Martin Beer did not meet the minimum performance condition over the three-year vesting period and will therefore lapse on 30 October 2015.

EPS growth over the three years to 2014/15

	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.

2014 LTIP award – granted during 2014/15 (audited)

In August 2014 awards under the 2014 LTIP were made as shown in the table below.

Director	Type of award	Face value of the award at grant	Vesting at threshold (% of maximum)	Performance period
James Kidwell	LTIP	100% of salary	25%	1 March 2014 – 28 February 2017
Martin Beer	LTIP	100% of salary	25%	1 March 2014 – 28 February 2017
Denis Petropoulos	LTIP	100% of salary	25%	1 March 2014 – 28 February 2017

EPS growth over the three years to 2017/18

	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.

Directors' Remuneration Report

continued

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 2015. This shows that James Kidwell and Denis Petropoulos have both met the shareholding guideline.

	Number of shares beneficially held at 28 February 2015	Shareholding as % of salary	Guideline met?
Executive Directors			
James Kidwell	111,304	137%	Yes
Martin Beer ⁽ⁱ⁾	–	0%	No
Denis Petropoulos	601,434	1,333%	Yes
Johnny Plumbe	446,164	1,074%	Yes
Non-executive Directors			
Sir Graham Hearne CBE	2,500		
Alastair Farley	13,366		
David Moorhouse CBE	–		
Jürgen Breuer	11,000		
Mark Tracey	20,425		
Tim Jaques	6,450		

(i) Martin Beer will step down 24 June 2015.

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 2014/15.

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

	Awards held at 1 Mar 2014	Grant date	Share price on grant £	Granted	Exercised/ released	Lapsed	Awards held at 28 Feb 2015	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
2012 LTIP	75,000	30 Oct 12	4.07	–	–	–	75,000	–	30 Oct 15	30 Oct 22
2014 LTIP	–	15 Aug 14	5.21	67,178	–	–	67,178	–	14 Aug 17	14 Aug 24
2012 DBP	31,541	8 May 12	3.16	–	–	–	31,541	–	8 May 15	8 May 22
2013 DBP	17,440	14 May 13	3.93	–	–	–	17,440	–	14 May 16	14 May 23
2014 DBP	–	22 May 14	5.20	5,179	–	–	5,179	–	22 May 17	22 May 24
Martin Beer										
2013 SAYE	2,676	1 Aug 13	4.23	–	–	–	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
2014 LTIP	–	14 Aug 14	5.21	45,489	–	–	45,489	–	14 Aug 17	14 Aug 24
2013 DBP	4,666	14 May 13	3.93	–	–	–	4,666	–	14 May 16	14 May 23
2014 DBP	–	22 May 14	5.20	3,232	–	–	3,232	–	22 May 17	22 May 24
Denis Petropoulos										
2012 SAYE	3,308	1 Aug 12	3.44	–	–	–	3,308	2.73	1 Aug 15	1 Jan 16
2014 LTIP	–	14 Aug 14	5.21	44,145	–	–	44,145	–	14 Aug 17	14 Aug 24
2012 DBP	31,541	8 May 12	3.16	–	–	–	31,541	–	8 May 15	8 May 22
2013 DBP	12,444	14 May 13	3.93	–	–	–	12,444	–	14 May 16	14 May 23
2014 DBP	–	22 May 14	5.20	3,232	–	–	3,232	–	22 May 17	22 May 24

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

- 2012 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 growth equal to RPI plus 10% per annum.
- 2014 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 year-on-year percentage change in the salary of the CEO as shown in the single figure of remuneration table is 0%. The change in the benefits and annual bonus of the CEO was 0% and 237%. The equivalent figures for salary/benefits and bonus for all Group employees are 6% and 24%, respectively.

Relative importance of spend on pay

The chart below shows total employee remuneration and distributions to shareholders, in respect of 2014/15 and 2013/14 (and the difference between the two).

£m	2014/15	2013/14	Change (%)
Total employee remuneration ⁽ⁱ⁾	74.8	67.2	+11%
Distributions to shareholders	6.3	5.4	+17%

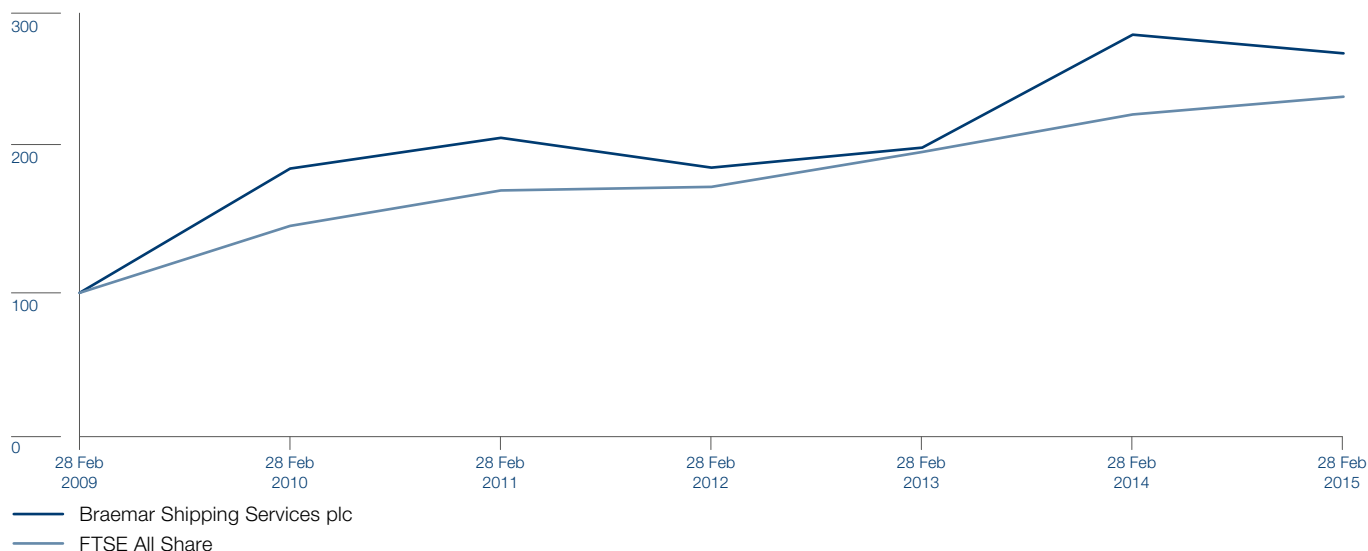
(i) This includes the additional remuneration of employees transferred as a result of the merger with ACM Shipbroking in July 2014.

Directors' Remuneration Report

continued

Performance graph and table

The chart below shows TSR against the FTSE All Share over the last six 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 six financial years over the equivalent period.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
CEO	Alan Marsh	Alan Marsh	Alan Marsh	James Kidwell/ Alan Marsh*	James Kidwell	James Kidwell
Single total figure of remuneration	£888k	£846k	£550k	£662k	£438k	£549k
Annual Bonus** (% of base salary)	77%	68%	9%	87%	23%	55%
LTIP vesting (% of maximum)	100%	N/A***	N/A***	0%	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 David Moorhouse CBE as Chairman, Alastair Farley and Jürgen Breuer.

The Committee has agreed Terms of Reference 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 2014/15, the Committee took advice from the Chairman of the Board, the Chief Executive and the Finance Director during 2014/15 who attended by the invitation of the Committee but did not participate in any discussions regarding or affecting their own remuneration.

The Committee has sought advice from Deloitte LLP during 2014/15 in respect of the development of the Remuneration Policy. Fees of £10,000 were charged by Deloitte LLP for the provision of independent advice to the Committee. 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 4 July 2014, 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 2014	8,101,218	99.57	34,653	0.43	8,135,871	75,076
Approval of Remuneration Policy	8,050,356	98.99	82,365	1.01	8,132,721	78,226
Approval of LTIP	8,083,961	98.79	99,044	1.21	8,183,005	27,942

David Moorhouse CBE

Chairman, Remuneration Committee
18 May 2015

Directors' Report

for the year ended 28 February 2015

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 23
Likely future developments in the business of the Company or its subsidiaries on pages 1 to 23
Greenhouse Gas emissions on page 13
Employee relations on pages 12 and 13
Employee relations and equal opportunities on pages 12 and 13 and page 30
Indication of branches outside the country in Braemar at a glance
Corporate Governance Statement on pages 26 to 30.

Management Report

This Directors' Report, on pages 44 and 45, together with the Strategic Report on pages 1 to 23, 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 (2014: £nil).

Share capital and voting rights

During the year ended 28 February 2015 the Company issued 218,299 (2014: 19,252) new shares pursuant to the exercise of employee share options and 8,093,610 in relation to the acquisition of 100% of the share capital of ACM Shipping Group plc.

At 28 February 2015 the total issued ordinary share capital was 29,983,318 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 4 July 2014. 50,000 shares (2014: nil) were purchased by the Company during the year

ended 28 February 2015. 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 18 May 2015.

The Directors will seek the renewal of this authority at the 2015 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 18 May 2015 was 224,736, being 0.8% 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 0.7%.

Directors and their interests

The Directors of the Company during the year and at the date of this report are shown on pages 24 and 25. The Directors' beneficial interests, including family interests in the shares of the Company at 28 February 2015, were as follows:

	28 February 2015	28 February 2014
Sir Graham Hearne CBE	2,500	2,500
Alastair Farley	13,366	13,366
David Moorhouse CBE	–	–
Mark Tracey (appointed 25 July 2014)	20,425	N/A
Jürgen Breuer (appointed 25 July 2014)	11,000	N/A
Timothy Jaques (appointed 25 July 2014)	6,450	N/A
James Kidwell	111,304	111,304
Martin Beer	–	–
Denis Petropoulos	601,434	601,434
Johnny Plumbe (appointed 25 July 2014)	446,164	N/A

Directors' interests in share options are set out on page 41.

The Directors, in common with other employees of the Group, also have an interest in 688,746 (2014: 659,682) ordinary 10 pence shares held by Kleinwort Benson (Channel Islands) Limited on behalf of the Employee Share Ownership Plan and in 125,621 ordinary 10 pence shares held by Computershare Trustees (Jersey) Limited on behalf of the ACM Shipping Limited Employee Trust.

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 2015 and 18 May 2015.

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 2015, 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.

Majedie Asset Management	4.98%
Liontrust Asset Management	4.80%
Barclays Stockbrokers Limited	4.62%
Quentin Soanes	4.07%
Chelverton Asset Management	3.69%
Charles Stanley & Co	3.59%
Alan Marsh	3.50%
Hargreaves Lansdown	3.07%

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 27 and in the Strategic Report on pages 14 to 16.

Going concern

The Group has a strong balance sheet and continues to be cash generative. 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 pages 24 and 25 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:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 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 2015 Annual General Meeting of the Company will be held at 12pm on 24 June 2015 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

Company Secretary
18 May 2015

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

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 2015 set out on pages 48 to 84. 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 2015 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) Acquisition accounting (total fair value recognised on acquisition £50,447,000)

Refer to page 29 of the Audit Committee Report, note 1(g) of the accounting policies and note 30 to the financial statements.

The risk

During the year, the Group acquired ACM Shipping Group plc ("ACM") for a total consideration of £50.4 million. Judgement is required in determining the existence of intangible assets and allocating the purchase consideration to identifiable assets and liabilities, intangible assets and residual goodwill. An inappropriate judgement, error or omission in these calculations may lead to a misstatement of intangible assets, related current and future amortisation charges, goodwill, and any future impairment charges. Additionally, any adjustments of fair values in subsequent periods will affect the income statement in those periods, and consequently acquisition accounting can impact earnings over the longer term.

Due to the inherent judgements involved in allocating the purchase consideration and assigning fair values to the assets and liabilities acquired, this is one of the key areas in which our audit is concentrated.

Our response

Our audit procedures over the acquisition date fair value of assets and liabilities and the intangible assets identified included:

- evaluating the basis upon which the Group identified intangible assets and allocated the purchase consideration to these intangible assets and goodwill by comparing this transaction to similar transactions previously undertaken by the Group as well as comparing to transactions completed by peers;
- utilising our own valuation specialists to evaluate the Group's intangible asset allocation analysis to determine that all possible intangible assets were considered in the allocation;
- challenging the key assumptions, such as discount rate, used by the Group to assign a fair value to the intangible assets identified in the acquisition through understanding the rationale put forward by the Directors comparing the assumptions to publicly available transactions for similar companies;
- assessing the integrity of the Group's valuation model by verifying that formulae operated as intended;

- testing the existence and valuation of the identified intangible assets, acquired forward book of revenue, by agreeing a sample from the order book to supporting customer contracts; and
- considering the adequacy of the Group's disclosures in notes 13 and 14 describing the rationale for the allocation of purchase consideration between intangible assets and goodwill.

(b) Recognition of Shipbroking revenue (£53,589,000)

Refer to page 28 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 judgment 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. Judgement is therefore required as to when the third parties' obligations have been fulfilled and when the commission revenue can be recognised.

Our response

Our audit procedures included:

- testing, on a sample basis, whether revenue was recognised in the correct period with reference to specific contract terms and evidence of the delivery of the Group's obligations;
- agreeing that the methodology used to recognise revenue was consistent with the Group's policies for each type of shipbroking transaction; and
- considering the risk that counter parties have not completed their obligations by challenging the Directors' assumptions of when or if to recognise revenue, taking account of their and our knowledge of industry developments.

(c) Recoverability of trade receivables (£37,795,000)

Refer to page 29 of the Audit Committee Report, note 1(c) and 1(k) of the accounting policies and note 18 to the financial statements.

The risk

The Group has significant trade receivables with customers in the shipping industry. Numerous companies in the shipping industry are under continuing financial stress, which means the industry is known for a heightened risk over the recoverability of trade receivables. Additionally, the Group often experiences significant delays between issuing an invoice and receiving cash from the counterparty. Determining whether a trade receivable balance is collectible involves a certain level of management judgement. Judgements made by the Group include the historical payment patterns and other information related to the creditworthiness of customers.

Our response

In this area, our audit procedures included:

- testing, on a sample basis, trade receivable balances that were provided for during the year to determine the accuracy of judgements made by the Group. This testing included considering the age of the receivables, customer payment history and any post year-end payments received by the Group;
- analysing receivables aged over one year which were not provided for by the Group to determine whether there were any indicators of impairment;
- assessing trade receivable balances which had been provided for in prior year to verify the historical accuracy of the Group's bad debt policy; and

- testing the accuracy of the data extracted from the Group's accounting system which is used to calculate the ageing of trade receivables.

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 £1.25 million, determined with reference to a benchmark of Group total revenue of £145.8 million, of which it represents less than 1%. We consider revenue to be the most appropriate benchmark as it provides a more stable measure than profit before tax as it is Directors' and external stakeholder's principal metric of performance.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £62,500, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 64 reporting components, we subjected 20 to audits for Group reporting purposes and eight to specified risk-focused audit procedures. The latter were not individually financially significant enough to require an audit for Group reporting purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the following percentages of the Group's results:

	Audits for Group reporting purposes	Detailed audit procedures over all significant risks
Components	20	8
Total Group revenue	64%	20%
Group profit before taxation	62%	25%
Total Group assets	52%	22%

The remaining 16% of total Group revenue, 13% of Group profit before tax and 26% of total Group assets is represented by 38 reporting components, none of which individually represented more than 2% of any of total Group revenue, Group profit before tax or total Group assets. For these remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these and conducted reviews of these components.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £500 to £1,000,000, having regard to the mix of size and risk profile of the Group across the components.

The Group audit team visited seven components in Singapore. Telephone conference meetings were also held with these component auditors and the other component auditor that was not visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

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; and

- 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.

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 45, in relation to going concern;
- the part of the Corporate Governance Statement on page 26 of the Annual Report relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

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 45, 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/auditscopeukco2014a, 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

18 May 2015

Consolidated income statement for the year ended 28 February 2015

		28 Feb 2015			28 Feb 2014		
			Exceptional and acquisition-related items			Exceptional and acquisition-related items	
Continuing operations	Notes	Underlying		Total	Underlying		Total
Revenue	2	145,848	–	145,848	125,531	–	125,531
Cost of sales	3	(37,700)	–	(37,700)	(31,758)	–	(31,758)
		108,148	–	108,148	93,773	–	93,773
Operating costs:							
Other operating costs		(96,876)	–	(96,876)	(84,490)	–	(84,490)
Acquisition-related expenses and amortisation	8	–	(3,738)	(3,738)	–	(432)	(432)
Non-recurring expenses	8	–	(7,716)	(7,716)	–	–	–
Gain on sale of property, plant and equipment	8	–	5,409	5,409	–	–	–
		(96,876)	(6,045)	(102,921)	(84,490)	(432)	(84,922)
Operating profit	2,3	11,272	(6,045)	5,227	9,283	(432)	8,851
Share of loss from joint ventures	16	(22)	(140)	(162)	(88)	–	(88)
Finance income	6	238	–	238	253	–	253
Finance costs	6	(531)	–	(531)	(57)	–	(57)
Profit before taxation		10,957	(6,185)	4,772	9,391	(432)	8,959
Taxation	7	(2,906)	719	(2,187)	(2,368)	100	(2,268)
Profit for the year		8,051	(5,466)	2,585	7,023	(332)	6,691
Loss for the year from discontinued operations	9	–	–	–	–	(2,209)	(2,209)
Profit for the year		8,051	(5,466)	2,585	7,023	(2,541)	4,482
Attributable to:							
Ordinary shareholders		8,051	(5,466)	2,585	7,014	(2,541)	4,473
Non-controlling interest		–	–	–	9	–	9
Profit for the year		8,051	(5,466)	2,585	7,023	(2,541)	4,482
Earnings per ordinary share							
Basic	11	31.27p		10.04p	33.51p		21.38p
Diluted	11	28.56p		9.17p	32.13p		20.49p

The notes on pages 53 to 84 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 28 February 2015

Overview	Performance	Financial statements
Strategy	Governance	Shareholder information

	Note	28 Feb 2015 £'000	28 Feb 2014 £'000
Profit for the year		2,585	4,482
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial loss on employee benefit schemes – net of tax		(206)	–
<i>Items that are or may be reclassified to profit or loss:</i>			
Available for sale investments – net change in fair value		352	–
Foreign exchange differences on retranslation of foreign operations	27	1,309	(4,391)
Cash flow hedges – net of tax	27	(78)	91
Total comprehensive income for the year		3,962	182
Attributable to:			
Equity holders of the parent		3,962	173
Non-controlling interest		–	9
Total comprehensive income for the year		3,962	182

The notes on pages 53 to 84 form an integral part of these consolidated financial statements.

Balance sheets

as at 28 February 2015

	Notes	Group		Company	
		As at 28 Feb 2015 £'000	As at 28 Feb 2014 £'000	As at 28 Feb 2015 £'000	As at 28 Feb 2014 £'000
Assets					
Non-current assets					
Goodwill	13	76,254	30,091	–	–
Other intangible assets	14	3,117	1,369	–	–
Property, plant and equipment	15	4,862	5,898	–	–
Investments	16	1,528	1,715	105,146	53,140
Deferred tax assets	7	1,548	1,644	–	–
Other long-term receivables	17	244	242	44	42
		87,553	40,959	105,190	53,182
Current assets					
Trade and other receivables	18	57,442	47,386	3,022	2,302
Assets held for sale	9	–	601	–	–
Cash and cash equivalents	20	16,289	13,694	–	–
		73,731	61,681	3,022	2,302
Total assets		161,284	102,640	108,212	55,484
Liabilities					
Current liabilities					
Trade and other payables	21	42,332	32,847	10,816	1,460
Short-term borrowings	22	6,800	–	6,931	101
Current tax payable		757	2,112	–	–
Provisions	23	1,273	410	–	–
Liabilities associated with assets held for sale	9	–	1,119	–	–
		51,162	36,488	17,747	1,561
Non-current liabilities					
Long-term borrowings	22	2,300	–	2,300	–
Deferred tax liabilities	7	825	531	–	–
Provisions	23	1,242	335	–	–
Pension deficit	24	1,482	–	–	–
		5,849	866	2,300	–
Total liabilities		57,011	37,354	20,047	1,561
Total assets less total liabilities		104,273	65,286	88,165	53,923
Equity					
Share capital	25	2,998	2,167	2,998	2,167
Share premium	25	51,970	12,218	51,970	12,218
Shares to be issued	26	(3,611)	(2,934)	(3,611)	(2,934)
Other reserves	27	24,950	23,719	21,742	21,742
Retained earnings		27,966	30,116	15,066	20,730
Total equity		104,273	65,286	88,165	53,923

The accounts on pages 48 to 84 were approved by the Board of Directors on 18 May 2015 and were signed on its behalf by:

Sir Graham Hearne
Chairman

Martin Beer ACA
Finance Director

The notes on pages 53 to 84 form an integral part of these consolidated financial statements.

Cash flow statements for the year ended 28 February 2015

Overview	Performance	Financial statements
Strategy	Governance	Shareholder information

		Group		Company	
	Notes	28 Feb 2015 £'000	28 Feb 2014 £'000	28 Feb 2015 £'000	28 Feb 2014 £'000
Cash flows from operating activities					
Cash generated from operations	29	7,259	2,158	7,004	5,582
Interest received		238	253	1	–
Interest paid		(531)	(57)	(529)	(77)
Tax paid		(3,534)	(1,358)	–	–
Net cash generated from operating activities		3,432	996	6,476	5,505
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	30	(10,204)	(524)	(10,107)	–
Disposal of undertakings		(647)	–	331	–
Purchase of property, plant and equipment and computer software		(4,862)	(1,266)	–	–
Proceeds from sale of investments		800	–	–	–
Proceeds from sale of property, plant and equipment		9,573	–	–	–
Other long-term assets		(2)	19	(2)	(6)
Net cash used in investing activities		(5,342)	(1,771)	(9,778)	(6)
Cash flows from financing activities					
Proceeds from borrowings		14,839	–	14,839	–
Repayment of borrowings		(5,739)	–	(5,739)	–
Proceeds from issue of ordinary shares, excluding acquisitions		601	70	601	70
Dividends paid	10	(6,201)	(5,441)	(6,201)	(5,441)
Purchase of own shares		(228)	(267)	(228)	(267)
Net cash used in financing activities		3,272	(5,638)	3,272	(5,638)
Increase/(decrease) in cash and cash equivalents					
		1,362	(6,413)	(30)	(139)
Cash and cash equivalents at beginning of the period		13,694	23,277	(101)	38
Foreign exchange differences		1,233	(3,170)	–	–
Cash and cash equivalents at end of the period		16,289	13,694	(131)	(101)

The notes on pages 53 to 84 form an integral part of these consolidated financial statements.

Statements of changes in total equity for the year ended 28 February 2015

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 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
Profit for the year	–	–	–	–	2,585	2,585	–	2,585
Available for sale investments – net change in fair value	–	–	–	–	352	352	–	352
Actuarial loss on employee benefits schemes – net of tax	–	–	–	–	(206)	(206)	–	(206)
Foreign exchange differences	–	–	–	1,309	–	1,309	–	1,309
Cash flow hedges net of tax	–	–	–	(78)	–	(78)	–	(78)
Total recognised income in the year	–	–	–	1,231	2,731	3,962	–	3,962
Dividends paid	–	–	–	–	(6,201)	(6,201)	–	(6,201)
Issue of shares	831	39,752	(525)	–	–	40,058	–	40,058
Purchase of own shares	–	–	(228)	–	–	(228)	–	(228)
ESOP shares allocated	–	–	76	–	(76)	–	–	–
Credit in respect of share option schemes	–	–	–	–	1,331	1,331	–	1,331
Deferred tax on items taken to equity	–	–	–	–	65	65	–	65
At 28 February 2015	2,998	51,970	(3,611)	24,950	27,966	104,273	–	104,273

Company	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 March 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
Loss for the year	–	–	–	–	(718)	(718)
Dividends paid	–	–	–	–	(6,201)	(6,201)
Issue of shares	831	39,752	(525)	–	–	40,058
Purchase of shares	–	–	(228)	–	–	(228)
ESOP shares allocated	–	–	76	–	(76)	–
Credit in respect of share option schemes	–	–	–	–	1,331	1,331
At 28 February 2015	2,998	51,970	(3,611)	21,742	15,066	88,165

General information

Group and Company financial statements of Braemar Shipping Services plc for the year ended 28 February 2015 were authorised for issue in accordance with a resolution of the Directors on 18 May 2015. 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.

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

The Group has adopted the following new and amended standards as of 1 March 2014:

- IFRS 10, “Consolidated financial statements” (endorsed as effective annual periods beginning on or after 1 March 2014) – this standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.
- Amendments to IFRSs 10, 11 and 12 on transition guidance (endorsed as effective annual periods beginning on or after 1 March 2014) – these amendments also provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- Amendments to IAS 32 on financial instruments asset and liability offsetting (effective annual periods on or after 1 March 2014) – this amendment updates the application guidance in IAS 32, “Financial instruments: presentation”, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendment to IAS 36, “Impairment of assets” on recoverable amount disclosures (effective annual periods

on or after 1 March 2014) – these amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to IAS 39 “Financial instruments: recognition and measurement”, on novation of derivatives and hedge accounting (effective annual periods on or after 1 March 2014) – these amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

The Group has assessed the impact of the above changes as being not material to these financial statements.

There were no other new IFRSs or IFRIC interpretations that had to be implemented during the year that significantly affects these financial statements.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2014 and not early adopted

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:

- Amendment to IAS 19 regarding defined benefit plans
- Amendment to IFRS 11, “Joint arrangements” on acquisition of an interest in a joint operation
- Amendment to IAS 16, “Property, plant and equipment” and IAS 38, “Intangible assets”, on depreciation and amortisation
- Amendments to IFRS 10, “Consolidated financial statements” and IAS 28, “Investments in associates and joint ventures”
- IFRS 9 “Financial instruments”
- Amendments to IFRS 9, “Financial instruments”, regarding general hedge accounting.

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.

Notes to the consolidated financial statements

continued

1 Accounting policies continued

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:

- Acquisition accounting: 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 of fair values;
- 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 13;
- 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 18).

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 transactions, 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, energy loss adjusting and environmental 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.

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(f)).

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 27), 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.

f) Taxation

The taxation expense represents the sum of the current 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

Business combinations are accounted for using the purchase method.

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.

Notes to the consolidated financial statements

continued

1 Accounting policies continued

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

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 has both defined benefit and defined contribution plans.

i) Defined contribution schemes

The Group operates a number of defined contribution schemes. Pension costs charged against profits in respect of these schemes represent the amount of the contributions payable to the schemes in respect of the accounting period. The assets of the schemes are held separately from those of the Group within independently administered funds. The Group has no further payment obligations once the contributions have been paid.

ii) Defined benefit schemes

The Group acquired a defined benefit scheme as part of the acquisition of ACM Shipping Group plc with assets held separately from the Group. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial valuation method which measures the liability based

on service completed and allowing for projected future salary increases and discounted at an AA corporate bond rate.

The current service cost, which is the increase in the present value of the retirement benefit obligation resulting from employee service in the current year, and gains and losses on settlements and curtailments, are included within operating profit in the consolidated income statement. The unwinding of the discount rate on the scheme liabilities, the expected return on scheme assets which are shown as a net finance cost and past service costs are presented and recognised immediately in the income statement.

The pension liabilities recognised on the balance sheet in respect of this scheme represents the difference between the present value of the Group's obligations under the scheme and the fair value of the scheme's assets. Actuarial gains or losses are recognised in the period in which they arise within the statement of comprehensive income.

s) Borrowings

Arrangement costs for bonds and loan facilities in respect of debt are capitalised and amortised over the life of the debt at a constant rate.

Finance costs are charged to the income statement, based on the effective interest rate of the associated borrowings.

t) 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.

u) Segmental analysis

The Group's segmental analysis is based on its three business segments: Shipbroking, Technical and Logistics. 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.

v) 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 in Braemar at a glance in the inside front cover.

During the year, management assessed that the activities of the Group that were previously reported within the Environmental division should be included within the results of the Technical division. The comparative results have been restated to reflect this change. The Group is now organised into three operating divisions – Shipbroking, Technical and Logistics. 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.

The segment information provided to the Board for reportable segments for the year ended 28 February 2015 is as follows:

2015	Shipbroking £'000	Technical £'000	Logistics £'000	Central £'000	Total £'000
Revenue	53,589	49,893	42,366	–	145,848
Divisional operating profit	5,588	6,030	2,275	(2,621)	11,272
Acquisition-related expenses and amortisation	(3,574)	(103)	(61)	–	(3,738)
Non-recurring items	(6,825)	(276)	(251)	(364)	(7,716)
Gain on sale of property, plant and equipment	5,409	–	–	–	5,409
Operating profit	598	5,651	1,963	(2,985)	5,227
Finance expense – net					(293)
Joint ventures					(162)
Profit before taxation					4,772
Taxation					(2,187)
Profit for the year from continuing operations					2,585
Capital additions	53,292	618	202	–	54,111
Depreciation of property, plant and equipment and amortisation of computer software	1,192	568	122	–	1,882
Segment operating assets	94,450	31,196	16,288	–	141,934
Segment operating liabilities	(21,448)	(5,838)	(19,062)	–	(46,348)
2014	Shipbroking £'000	Restated Technical £'000	Logistics £'000	Central £'000	Total £'000
Revenue	40,866	45,748	38,917	–	125,531
Divisional operating profit	2,635	6,905	1,981	(2,238)	9,283
Amortisation of other intangible assets	(295)	(103)	(34)	–	(432)
Operating profit	2,340	6,802	1,947	(2,238)	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 from continuing operations					6,691
Capital additions	673	510	480	–	1,663
Depreciation of property, plant and equipment and amortisation of computer software	598	497	174	–	1,269
Segment operating assets	39,712	29,448	15,826	–	84,986
Segment operating liabilities	(10,247)	(5,626)	(17,719)	–	(33,592)

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

Notes to the consolidated financial statements

continued

2 Segmental information continued

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 and borrowings.

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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
United Kingdom	93,344	76,608	53,171	1,265	75,954	29,831
Singapore	19,831	20,410	86	210	3,271	3,427
Other Asia	9,815	10,543	29	40	465	466
Australia	8,297	6,852	348	40	4,224	3,606
Rest of the World	14,561	11,118	477	108	563	186
	145,848	125,531	54,111	1,663	84,477	37,516

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 operations represent the results from operations before share of loss from joint ventures, finance income, finance costs and taxation.

This is stated after charging/(crediting):

	Notes	2015 £'000	2014 £'000
Cost of sales			
Freight and haulage		29,447	25,797
Payments to sub-contractors		4,855	3,620
Materials and other costs		3,398	2,341
		37,700	31,758
<i>Recurring items</i>			
Staff costs	4	74,888	63,894
Depreciation of property, plant and equipment	15	1,474	1,015
Amortisation of computer software	14	408	254
Operating lease rentals:			
– Land and buildings		2,288	2,045
– Other		267	250
(Profit)/loss on sale of property, plant and equipment		(209)	18
Net movements in bad debt provisions		1,469	570
Auditor's remuneration	5	736	503
Net foreign exchange losses and financial instruments		428	238
<i>Exceptional and acquisition-related items</i>			
Acquisition-related expenses and amortisation	8,14	3,738	432
Non-recurring items	8	7,716	–
Gain on sale of leasehold property	8	(5,409)	–

4 Staff costs

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

	Notes	2015 £'000	2014 £'000
Salaries, wages and short-term employee benefits		66,949	55,947
Other pension costs (including defined benefit cost of £106,000)	24	2,262	3,143
Social security costs		4,346	4,191
Share-based payments	25	1,331	613
		74,888	63,894
Discontinued operations		–	3,268
		74,888	67,162

Staff costs in relation to the Directors and central support staff of £1,639,000 (2014: £1,177,000) were charged to the Company.

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Remuneration Report on page 38.

b) Average number of full time employees

	2015 £'000	2014 £'000
Shipbroking	327	282
Technical	415	385
Logistics	192	223
Central	10	4
	944	894
Discontinued operations	–	42
	944	936

The Directors' remuneration is borne by Braemar ACM Shipbroking Limited and Braemar ACM Shipbroking 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 38. Key management represents the Directors of the Company.

	2015 £'000	2014 £'000
Salaries, short-term employee benefits and fees	1,607	1,204
Share-based payments	122	70
	1,729	1,274
Number of key employees	10	7

No retirement benefits are accruing to any key management personnel (2014: none) in respect of defined contribution pension scheme.

Notes to the consolidated financial statements

continued

5 Auditor's remuneration

A more detailed analysis of the auditor's services is given below:

	2015 £'000	2014 £'000
Audit services		
– Fees payable to the Company auditor for audit of the Company and Group financial statements	122	86
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	269	222
– Other services pursuant to legislation	23	22
– Other assurance services	–	84
– Tax compliance services	52	71
– Tax advisory services	25	18
– Fees in relation to corporate transactions	245	–
	736	503

All fees paid to the auditor were charged to operating profit in both years except for £35,000 of the fees in relation to corporate transactions which has been deducted from the share premium account.

6 Finance income and costs – net

	2015 £'000	2014 £'000
Finance income:		
– Interest on bank deposits	238	253
Total finance income	238	253
Finance costs:		
– Interest payable on bank loans	(445)	–
– Interest payable on overdrafts	(86)	(57)
Total finance costs	(531)	(57)
Finance (costs)/income – net	(293)	196

7 Taxation

a) Analysis of charge in year

	2015 £'000	2014 £'000
Current tax		
UK corporation tax charged to the income statement	1,582	947
UK adjustment in respect of previous years	(194)	347
Overseas tax on profits in the year	641	1,531
Overseas adjustment in respect of previous years	79	(37)
Total current tax	2,108	2,788
Deferred tax		
UK current year origination and reversal of timing differences	(301)	(80)
UK adjustment in respect of previous years	45	38
Overseas current year origination and reversal of timing differences	413	(446)
Overseas adjustment in respect of previous years	(89)	(14)
Effect of change of tax rate	11	(18)
Total deferred tax	79	(520)
Taxation	2,187	2,268

	2015 £'000	2014 £'000
Reconciliation between expected and actual tax charge		
Profit before tax	4,772	8,959
Profit before tax at standard rate of UK corporation tax of 21% (2014: 23%)	1,002	2,061
Expenses not deductible for tax purposes	1,449	467
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	(121)	(90)
Tax credit in relation to discontinued operations	–	(507)
Joint venture expense not subject to UK tax	4	21
Prior year adjustments	(159)	334
Effect of change of tax rate	12	(18)
Total tax charge for the year	2,187	2,268

	2015 £'000	2014 £'000
Tax on items charged to equity		
Current tax debit/(credit) on exercised share options	(90)	(48)
Deferred tax credit on share options	39	(149)
Deferred tax (debit)/credit on cash flow hedges	(19)	30
Employee benefits	52	–
Other temporary differences	(88)	–
Effect of change of tax rate	5	(1)
Tax credit in the statement of changes in equity	(101)	(168)

	Note	As at 28 Feb 2015 £'000	As at 28 Feb 2014 £'000
Analysis of the deferred tax asset			
Accelerated capital allowances (includes £254,000 (2014: £199,000) of overseas accelerated capital allowances)		774	474
Short-term timing differences (includes £342,000 (2014: £236,000) of overseas short-term timing differences)		478	1,170
Employee benefits (including £nil of overseas employee benefits)		296	–
		1,548	1,644

	2015 £'000	2014 £'000
The movement in the deferred tax asset		
Balance at beginning of year	1,644	1,021
Acquisition	560	–
Reclassification	–	28
Movement to income statement	(634)	521
Movement to reserves	(47)	133
Exchange differences	25	(59)
Balance at end of year	1,548	1,644

A deferred tax asset of £1,548,000 (2014: £1,644,000) 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 £7,000 (2014: £24,000) expected to reverse within the next 12 months of the balance sheet date.

Notes to the consolidated financial statements

continued

7 Taxation continued

b) Deferred tax liability

	Note	As at 28 Feb 2015 £'000	As at 28 Feb 2014 £'000
Analysis of the deferred tax liabilities			
Short-term timing differences		(825)	(531)
		(825)	(531)

		2015 £'000	2014 £'000
The movement in the deferred tax liabilities			
Balance at beginning of year		(531)	(612)
Acquisitions	30	(940)	(35)
Movement to income statement		447	(116)
Amounts available for Group relief		115	245
Movement to reserves		58	(48)
Exchange differences		26	35
Balance at end of year		(825)	(531)

The closing deferred tax liability includes £198,000 (2014: £22,000) 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 £2.8 million (2014: £4.0 million).

8 Exceptional and acquisition-related items

The following is a summary of our exceptional and acquisition-related items incurred:

	2015 £'000	2014 £'000
<i>Acquisition-related expenditure</i>		
Costs directly incurred attributable to the acquisition of ACM Shipping Group plc	(1,190)	–
Amortisation charge of intangible assets	(1,772)	(432)
Group share retention plan directly attributable to the acquisition of ACM Shipping Group plc	(776)	–
	(3,738)	(432)
<i>Restructuring costs</i>		
Restructuring costs following the acquisition of ACM Shipping Group plc	(6,908)	–
Other restructuring costs	(808)	–
	(7,716)	–
<i>Profit or loss on disposal of property, plant and equipment</i>		
Profit on the sale of Leasehold premises	5,409	–

2014/15 has been a year of significant change for the Group with a number of restructuring projects carried out across all divisions, the most significant being the merger of our Shipbroking division with ACM. As a consequence a significant amount of cost and profit have been recognised within exceptional and acquisition-related items in the year.

The acquisition of ACM itself incurred transaction costs of £1.2 million. Intrinsically linked to the merger was a restrictive share plan that was put in place to retain key staff. This share plan will bear a cost for the next few years and will be categorised as acquisition-related expenses in future annual and interim reports. The charge in 2014/15 was £0.8 million. Finally, a charge of £1.8 million has been incurred in the year in relation to intangible assets arising from the acquisition of ACM as well as acquisitions from previous years.

The Group has charged £6.9 million in relation to the restructure of the Shipbroking division which includes redundancy payments, retention bonuses, the closure of smaller offices and the provision for onerous lease contracts. Restructuring projects in the Group's other divisions have also incurred costs of £0.8 million which have been charged to exceptional and acquisition-related items in the year.

Finally, following the Group's relocation of its head office in London, it disposed of its long leasehold property. After accounting for the costs of disposal the Group has recognised a profit on disposal of £5.4 million as an exceptional and acquisition-related item.

9 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 £0.8 million.

The results of Casbarian have been reflected in the financial statements as discontinued operations in 2014.

10 Dividends

Amounts recognised as distributions to equity holders in the year:

	2015 £'000	2014 £'000
Ordinary shares of 10 pence each		
Final of 17.0 pence per share for the year ended 28 February 2014 (2013: 17.0 pence per share)	3,507	3,526
Interim of 9.0 pence per share paid (2014: 9.0 pence per share)	2,694	1,915
	6,201	5,441

In addition, the Directors are proposing a final dividend in respect of the financial year ended 28 February 2015 of 17 pence per share which will absorb an estimated £5.0 million of shareholders' funds. It will be paid on 31 July 2015 to shareholders who are on the register of members on 3 July 2015. 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 26). The dividend saving through the waiver is £177,000 (2014: £192,000).

11 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 814,367 ordinary shares held by the Employee Share Ownership Plans (2014: 659,682 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	2015 £'000	2014 £'000
Profit for the year attributable to shareholders	2,585	4,473

	pence	pence
Basic earnings per share	10.04	21.38
Effect of dilutive share options	(0.87)	(0.89)
Diluted earnings per share	9.17	20.49

Continuing operations	2015 £'000	2014 £'000
Underlying profit for the year attributable to shareholders	8,051	7,014

	pence	pence
Basic earnings per share	31.27	33.51
Effect of dilutive share options	(2.71)	(1.38)
Diluted earnings per share	28.56	32.13

	shares	shares
Weighted average number of ordinary shares	25,745,240	20,929,329
Effect of dilutive share options	2,442,308	902,575
Diluted weighted average number of ordinary shares	28,187,548	21,831,904

Notes to the consolidated financial statements

continued

12 Result 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 loss of £718,000 (2014: profit of £5,079,000) has been dealt with in the accounts of the Company.

13 Goodwill

Group	Note	£'000
Cost		
At 1 March 2013		38,501
Additions		277
Reclassified to assets held for sale		(236)
Exchange adjustments		(758)
At 28 February 2014		37,784
Additions	30	45,874
Exchange adjustments		255
At 28 February 2015		83,913
Accumulated impairment		
At 1 March 2013		7,954
Reclassified to assets held for sale		(236)
Exchange adjustments		(25)
At 28 February 2014		7,693
Exchange adjustments		(34)
At 28 February 2015		7,659
Net book value at 28 February 2015		76,254
Net book value at 28 February 2014		30,091

On 25 July 2014 the Group acquired 100% of the share capital of ACM Shipping Group plc for consideration of £50.4 million. The primary driver behind the acquisition of ACM was the strategy of strengthening the teams of people in the Shipbroking division and as a consequence the majority of the consideration of the transaction has been assessed as goodwill which represents the value of the ACM staff and their contribution to the new larger and stronger business that has been created (see Note 30).

During the year ending 28 February 2014, the Group decided to sell Braemar Casbarian Inc (see Note 9) and as a consequence reclassified the goodwill associated with business together with the accumulated impairment to assets held for sale. The disposal occurred 20 March 2014.

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

	2015 £'000	2014 £'000
Shipbroking	68,052	21,917
Braemar Technical Services (Engineering) Limited	204	204
Cory Brothers UK group	3,503	3,503
Braemar Offshore Pte Limited	2,750	2,723
Braemar Technical Services Adjusting	1,623	1,623
Cory Brothers Singapore	122	121
	76,254	30,091

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% (2014: 2.0%). The cash flows were discounted using a pre-tax discount rate of 9.1% (2014: 10.4%) for UK-based operations and 9.1% to 11.1% (2014: 10.4% to 12.4%) 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.

14 Other intangible assets

Group	Note	Computer software £'000	Other intangible assets £'000	Total £'000
Cost				
At 1 March 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
Additions		1,126	–	1,126
Additions through acquisitions	30	–	2,783	2,783
Exchange adjustments		–	25	25
At 28 February 2015		2,494	12,115	14,609
Amortisation				
At 1 March 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
Charge for the year		408	1,772	2,180
Exchange adjustments		28	(22)	6
At 28 February 2015		1,148	10,344	11,492
Net book value at 28 February 2015		1,346	1,771	3,117
Net book value at 28 February 2014		656	713	1,369

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.

During the year the Group capitalised £2,783,000 for the forward book of revenue in connection with the acquisition of ACM Shipping Group plc which has been calculated as the net present value of future net income that will be generated from this forward book. No value has been attributed to the value of the brand or customer relationships as the primary value from the business combination is deemed to be associated with the value of the experienced workforce acquired and the synergies created.

The Company has no intangible assets.

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15 Property, plant and equipment

Group	Note	Long leasehold £'000	Short leasehold £'000	Computers £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost or fair value							
At 1 March 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
Additions at cost		138	1,493	1,240	858	7	3,736
Additions through acquisitions	30	351	–	202	39	–	592
Disposals		(5,812)	(15)	(331)	(146)	(172)	(6,476)
Exchange differences		17	–	44	46	23	130
At 28 February 2015		507	1,833	4,378	4,388	517	11,623
Accumulated depreciation							
At 1 March 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
Charge for the year		346	136	519	367	106	1,474
Disposals		(2,006)	(5)	(215)	(131)	(164)	(2,521)
Exchange differences		9	–	35	39	(18)	65
At 28 February 2015		64	386	3,117	2,810	384	6,761
Net book value at 28 February 2015		443	1,447	1,261	1,578	133	4,862
Net book value at 28 February 2014		4,098	100	445	1,056	199	5,898

At 28 February 2015, the Group had no contractual commitments for the acquisition of property, plant and equipment (2014: nil). The Company has no property, plant and equipment.

16 Investments

Group	Joint ventures £'000	Unlisted investments £'000	Total £'000
Goodwill	340	–	340
Share of net assets/cost	642	814	1,456
At 1 March 2013	982	814	1,796
Exchange differences	13	(6)	7
Share of joint ventures losses	(88)	–	(88)
Goodwill	340	–	340
Share of net assets/cost	567	808	1,375
At 28 February 2014	907	808	1,715
Exchange differences	8	14	22
Share of joint ventures losses	(22)	–	(22)
Acquired in business combination	–	1,000	1,000
Revaluations	–	440	440
Additions	–	66	66
Disposals ⁽ⁱ⁾	(893)	(800)	(1,693)
Goodwill	–	–	–
Share of net assets/cost	–	1,528	1,528
At 28 February 2015	–	1,528	1,528

(i) During the year ended 28 February 2015, the Group disposed of its 50% joint ownership in Braemar Quincannon Ltd and Braemar Quincannon Pte Limited recognising a loss of £140,000.

Company	Subsidiaries £'000	Joint venture undertakings £'000	Unlisted investments £'000	Total £'000
Cost				
At 1 March 2013	53,579	412	560	54,551
Share-based payments	426	–	–	426
At 28 February 2014	54,005	412	560	54,977
Acquisitions	–	–	1,000	1,000
Additions	50,447	–	–	50,447
Revaluations	–	–	440	440
Disposals	–	(412)	(800)	(1,212)
Share-based payments	1,331	–	–	1,331
At 28 February 2015	105,783	–	1,200	106,983
Impairment				
At 1 March 2013, 28 February 2014 and 28 February 2015	1,837	–	–	1,837
Net book value at 28 February 2015	103,946	–	1,200	105,146
Net book value at 28 February 2014	52,168	412	560	53,140

The Company invested £1,331,000 (2014: £426,000) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year (see Note 25).

Notes to the consolidated financial statements

continued

16 Investments continued

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 ACM Shipbroking Limited ⁽ⁱ⁾	England & Wales	Shipbroking		100
Braemar ACM Valuations Limited ⁽ⁱ⁾	England & Wales	Valuations		100
Braemar ACM Shipbroking Pty Limited ⁽ⁱ⁾	Australia	Shipbroking	100	
Braemar ACM Shipbroking Pte Limited ⁽ⁱ⁾	Singapore	Shipbroking	100	
Braemar Seascope India Private Limited ⁽ⁱ⁾	India	Shipbroking		100
Cory Brothers Shipping Agency Limited ⁽ⁱ⁾	England & Wales	Ship agents	100	
Fred. Olsen Freight Limited ⁽ⁱ⁾	England & Wales	Ship agents		100
Braemar Technical Services Holdings Limited ⁽ⁱ⁾	England & Wales	Holding company	100	
Braemar Technical Services (Engineering) Limited ⁽ⁱ⁾	England & Wales	Marine consultants		100
Braemar Technical Services Limited ⁽ⁱ⁾	England & Wales	Marine consultants		100
Braemar Technical Services Holdings Pte Limited ⁽ⁱ⁾	Nevis	Marine consultants		100
Braemar Technical Services Offshore Pte Limited ⁽ⁱ⁾	Singapore	Marine consultants		100
Braemar Technical Services Engineering Pte Limited ⁽ⁱ⁾	Singapore	Energy consultants		100
Braemar Technical Services Offshore Sdn Bhd ⁽ⁱ⁾	Malaysia	Marine consultants		49
PT Braemar Technical Services Offshore ⁽ⁱ⁾	Indonesia	Marine consultants		100
Braemar Technical Services Offshore Vietnam Co Limited ⁽ⁱ⁾	Vietnam	Marine consultants		100
Braemar Technical Services (Adjusting) Limited ⁽ⁱ⁾	England & Wales	Energy loss adjuster		100
Braemar Technical Services (USA) Limited ⁽ⁱ⁾	United States	Energy loss adjuster		100
Braemar Technical Services (Adjusting) Pte Limited ⁽ⁱ⁾	Singapore	Energy loss adjuster		100
Braemar Technical Services (Canada) Limited ⁽ⁱ⁾	Canada	Energy loss adjuster		100
Braemar Howells Limited ⁽ⁱ⁾	England & Wales	Environmental services		100
Braemar ACM Shipbroking (Dry Cargo) Limited ⁽ⁱ⁾	England & Wales	Shipbroking		100
ACM Shipping India Limited ⁽ⁱⁱ⁾	India	Shipbroking		100
ACM Shipping Middle East JLT ⁽ⁱⁱ⁾	UAE	Shipbroking		100
ACM Shipping USA Limited ⁽ⁱⁱ⁾	England & Wales	Shipbroking		100

i) The above subsidiaries were owned at 28 February 2015 and 28 February 2014.

ii) The above subsidiaries were acquired as part of the acquisition of ACM Group Holdings plc on 25 July 2014.

The financial statements of the principal subsidiary undertakings are prepared to 28 February 2015 except for PT Braemar Technical Services Offshore and Braemar Technical Services Offshore Vietnam Co Limited for which the results to 31 December 2014 have been consolidated on the basis that the results to 28 February 2015 would not be materially different.

Braemar Futures Limited, a subsidiary registered in the UK (registered number 4424253), is exempt from audit under the provisions of section 479 of the Companies Act 2006.

A full list of subsidiaries will be appended to the Company's next annual return.

b) Joint ventures

Particulars of the joint venture companies which have been equity accounted are as follows:

2015

Name of company	Country	Principal activity	Percentage of ordinary shares owned	Accounting reference date
Braemar Quincannon Ltd ⁽ⁱ⁾	England & Wales	Shipbroking	–	28 February
Braemar Quincannon Pte Limited ⁽ⁱ⁾	Singapore	Shipbroking	–	31 December
ACM Icon Shipping Limited	British Virgin Islands	Shipbroking	50%	28 February

2014

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

i) The share capital in Braemar Quincannon Ltd and Braemar Quincannon Pte Limited were disposed of on 6 November 2014 generating a loss on disposal of £140,000.

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

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

c) Unlisted investments

The Group's unlisted shares principally include 1,200 (20%) (2014: 1,000 (16.7%)) ordinary £1 shares in London Tankers Brokers Panel and 7,500 ordinary £1 shares in 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. The fair value of the investment is not quoted on a market, but has been revalued during the year to £1,200,000.

17 Other long-term receivables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Other receivables	44	42	44	42
Security deposits	200	200	–	–
	244	242	44	42

18 Trade and other receivables

		Group		Company	
	Note	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade receivables		42,272	35,532	–	–
Provision for impairment of trade receivables		(4,477)	(2,880)	–	–
		37,795	32,652	–	–
Amounts due from subsidiary undertakings		–	–	1,393	1,642
Other receivables		5,800	4,590	1,586	589
Accrued income		11,713	8,369	–	–
Prepayments		2,134	1,740	43	71
Forward currency contracts	19	–	35	–	–
		57,442	47,386	3,022	2,302

Notes to the consolidated financial statements

continued

18 Trade and other receivables continued

The total receivables balance is denominated in the following currencies:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
US dollars	25,419	19,069	–	–
Pounds sterling	22,469	17,735	3,022	2,302
Other	9,554	10,582	–	–
	57,442	47,386	3,022	2,302

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 2015 trade receivables of £4,477,000 (2014: £2,784,000) which were over 12 months old were treated as impaired and have been provided for. Amounts over 12 months old at 28 February 2015 have not been provided for if they have been recovered since that date. No further provision (2014: £96,000) has been made for specific trade receivables less than 12 months overdue.

The ageing profile of trade receivables as at 28 February 2015 is as follows:

	Group	
	2015 £'000	2014 £'000
Up to 3 months	27,814	25,608
3 to 6 months	4,690	3,700
6 to 12 months	4,004	3,440
Over 12 months	5,764	2,784
Total	42,272	35,532

The Company has no trade receivables (2014: £nil).

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

	2015 £'000	2014 £'000
At 1 March	2,880	3,131
Provision for receivables impairment	1,777	1,341
Receivables written off during the year as uncollectable	(161)	(758)
Acquisitions	339	–
Amounts previously impaired collected in period	(422)	(656)
Exchange differences	64	(178)
At 28 February	4,477	2,880

At 28 February 2015, within other classes of trade and other receivables a provision of impairment of £318,000 (2014: £300,000) 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 (2014: £250,000).

19 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 2015 the Group held forward currency contracts to sell US\$12.0 million at an average rate of \$1.557/£1.

At 28 February 2014 the Group held forward currency contracts to sell US\$4.0 million at an average rate of \$1.65/£1.

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

	2015		2014	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Forward currency contracts				
Assets	–	–	35	35
Liabilities	62	62	–	–

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £62,000 liability (2014: £35,000 asset) which has been deferred in equity.

Amounts of £35,000 have been credited (2014: £94,000 charged) 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/(weakened) by 10% against sterling, with all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+10% strengthening £'000	-10% weakening £'000	+10% strengthening £'000	-10% weakening £'000
28 February 2015				
USD	2,773	2,269	2,218	1,815
28 February 2014				
USD	2,500	2,100	2,000	1,680

b) Interest rate risk

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

The Group has not entered into any financial instruments to fix or hedge the interest rates applied to its bank borrowings and overdrafts.

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Floating rate:				
Within one year				
Cash and cash equivalents (see Note 20)	16,289	13,694	–	–
Secured bank overdrafts	–	–	(131)	(101)
Secured bank loans and other borrowings	(6,800)	–	(6,800)	–
Between one and five years				
Secured bank loans and other borrowings	(2,300)	–	(2,300)	–
	7,189	13,694	(9,231)	(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.

Notes to the consolidated financial statements

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19 Derivative and other financial instruments continued

The effect on equity and profit before tax of a 1% increase (decrease) in the interest rate, all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+1% strengthening £'000	-1% weakening £'000	+1% strengthening £'000	-1% weakening £'000
28 February 2015				
Cash and cash equivalents	163	(163)	129	(129)
Bank loans and overdrafts	(91)	91	(72)	72
	72	(72)	57	(57)
28 February 2014				
Cash and cash equivalents	137	(137)	105	105
Bank loans and overdrafts	–	–	–	–
	137	(137)	105	105

c) 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 18.

d) 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 2015 and 28 February 2014.

20 Cash and cash equivalents

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash at bank and cash on hand	14,133	11,479	–	–
Restricted cash	1,126	453	–	–
Term deposits	1,030	1,762	–	–
	16,289	13,694	–	–

Cash and cash equivalents largely comprise bank balances denominated in sterling, euro and other currencies for the purpose of settling current liabilities.

Restricted cash comprises cash balances where the Group is holding cash as escrow agent or where there are restrictions as to withdrawal or use under the terms of certain financial instrument (see Note 32). The amounts are held in designated accounts.

The Directors consider that the carrying amounts of these assets approximate to their fair value.

21 Trade and other payables

	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current liabilities					
Trade payables		20,226	18,055	–	–
Amounts owed to subsidiary undertakings		–	–	10,418	1,185
Other taxation and social security		1,138	1,011	–	–
Deferred consideration		222	426	–	–
Other payables		2,263	1,425	126	126
Other accruals and deferred income		18,421	11,930	272	149
Forward currency contracts	19	62	–	–	–
		42,332	32,847	10,816	1,460

The average credit period taken for trade payables is 44 days (2014: 49 days). The Directors consider that the carrying amounts of trade payables approximate to their fair value.

The deferred consideration liability represents £222,000 (2014: £426,000) in respect of the acquisition of Lawrence Holt Limited in November 2013. The liability has reduced for a payment of £97,000 made during the year and for a £107,000 adjustment for the deferred consideration payable.

22 Borrowings

	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Short-term borrowings					
Secured bank loans and other borrowings		5,000	–	5,000	–
Secured bank overdrafts		–	–	131	101
		5,000	–	5,131	101
Current portion of long-term borrowings		1,800	–	1,800	–
		6,800	–	6,931	101
Long-term borrowings					
Bank loans:		1,800	–	1,800	–
– repayable within one year		2,300	–	2,300	–
– repayable between one and five years		–	–	–	–
– repayable after five years		4,100	–	4,100	–
Less: amount due for settlement within one year shown under current liabilities		(1,800)	–	(1,800)	–
Amount due for settlement after one year		2,300	–	2,300	–

Short-term borrowings comprise the net bank overdraft facility repayable on demand or within twelve months together with the long-term borrowing amounts due for settlement within one year.

The Group operates a pooled banking facility for all sterling, US dollar and euro 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.

For all other borrowings, the Directors consider that the fair value of this liability is approximate to the carrying amount. In anticipation of the merger with ACM Shipping Group plc, on 19 May 2014 the Group agreed a new £15 million three-year banking facility maturing in April 2017 to replace prior facilities.

Borrowing facilities

As at 28 February 2015, the Group had undrawn committed debt facilities of £5 million (2014: £nil). Whilst these facilities have certain financial covenants they are not expected to prevent full utilisation of the facilities if required. The Group has complied with its covenants throughout the year.

Notes to the consolidated financial statements

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22 Borrowings continued

Covenant measures

The covenant measures are tested on a quarterly rolling twelve-month basis and consist of a leverage covenant and an interest cover charge covenant. The leverage covenant is a measure of earnings before interest, tax, depreciation and amortisation compared to total debt. The interest cover covenant is a measure of earnings before interest, tax and amortisation compared to finance charges. The leverage and interest cover covenant hurdles are 2.5x and 4.0x respectively.

23 Provisions

	Employee entitlements £'000	Other provisions £'000	Total £'000
At 28 February 2014	745	–	745
Provided in the year	293	1,578	1,871
Utilised in the year	(101)	–	(101)
At 28 February 2015	937	1,578	2,515
Current	496	777	1,273
Non-current	441	801	1,242
At 28 February 2015	937	1,578	2,515

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

Other provisions include onerous leases and provisions for staff redundancies incurred following the restructuring of the ACM acquisition.

The Company has no provisions.

24 Retirement benefit schemes

Pension schemes for the employees of the Group consist of a funded defined benefit scheme and defined contribution plans. The retirement benefit obligations in the Group balance sheets relate to the funded defined benefit scheme – The ACM Staff Pension Scheme. A funding valuation as at 31 March 2014 is currently underway, as part of which the level of contributions to be paid is being reviewed.

The Group's obligations in respect of the funded defined benefit scheme at 28 February 2015 were as follows:

	Group	
	2015 £'000	2014 £'000
Present value of funded obligations	15,281	–
Fair value of scheme assets	(13,799)	–
Total deficit of defined benefit pension scheme	1,482	–

Funded defined benefit scheme

The Group sponsors a funded defined benefit scheme (The ACM Staff Pension Scheme) for qualifying UK employees which has been included in the Group following the merger with ACM Shipping Group plc. The Scheme is administered by a separate board of trustees which is legally separate from the Group. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

Under the Scheme, employees are entitled to annual pensions on retirement at age 60 of one-sixtieth of final pensionable salary for each year of service. Pensionable salary is defined as basic salary plus the average of the previous three years' bonuses (capped at three times basic salary). Pensionable salaries for members who joined after 1 June 1989 are also restricted to an earnings cap, equal to £145,800 at 28 February 2015. Benefits are also payable on death and following other events such as withdrawing from active service.

No other post-retirement benefits are provided to these employees.

The scheme is closed to new members.

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees and current pensioners. Broadly, about 20% of the liabilities are attributable to current employees in active service, 60% to deferred pensions for current and former employees, and 20% to current pensioners.

The Scheme duration is an indicator of the weighted average time until benefit payments are made. For the Scheme as a whole, the duration is around 20 years.

Funding implications

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2011 and showed a deficit of £0.4 million. As a result, the Group has been paying deficit contributions of £320,000 p.a. which, along with investment returns from return-seeking assets, were expected to make good this shortfall by 31 July 2012. The Group has chosen to continue paying contributions at this level since 31 July 2012 to continue to improve the Scheme's funding position.

Risks associated with the Scheme

The Scheme exposes the Group to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk

A significant proportion of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes moving assets to match pensioner liabilities when members reach retirement.

The Trustees insure certain benefits payable on death before retirement.

The Scheme's assets do not include any of the Group's own financial instruments, nor any property occupied by, or used by the Group.

Actuarial assumptions

The Scheme's assets are stated at their market values on the balance sheet date. The overall expected rates of return upon assets reflect the risk-free rate of return plus an appropriate risk premium based on the nature of the relevant asset category.

Notes to the consolidated financial statements

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24 Retirement benefit schemes continued

The principal assumptions used for updating the latest valuation of the scheme were:

	2015 (% p.a.)
Discount rate	3.5
RPI inflation	3.0
CPI inflation	1.9
Rate of salary growth	4.0
Pension increases:	
CPI capped at 2.5% p.a.	1.6
CPI capped at 3.0% p.a.	1.7
CPI capped at 5.0% p.a.	2.0
Deferred pension increases:	
CPI capped at 2.5% p.a.	1.9
CPI capped at 5.0% p.a.	1.9
	Years
Life expectancy from age 60 for:	
Current 60 year old male	27.7
Current 60 year old female	30.2
Current 45 year old male	29.1
Current 45 year old female	31.8
Early retirement	33% of members retire at age 55, with the remainder retiring at age 60.
Withdrawals from active service	No allowance.
Cash commutation	25% of pension exchanged for cash.

Scheme assets

	2015 £'000
Scheme assets are comprised as follows:	
Schroders Diversified Growth Fund	13,799
Total	13,799

Expense recognised in the income statement (included in Operating costs)

	2015 £'000
Current service cost	75
Interest on net liability	31
Expense recognised in income statement	106

Remeasurements in Other comprehensive income/(expense):

Return on assets in excess of that recognised in net interest	(550)
Actuarial losses due to changes in financial assumptions	1,030
Actuarial losses due to changes in demographic assumptions	68
Actuarial gains due to liability experience	(291)
Amount recognised in Other comprehensive income/(expense):	257
Total amount recognised in income statement and Other comprehensive income/(expense)	363

Changes to the present value of the defined benefit obligation are analysed as follows:

	Present value of obligation £'000
Opening defined benefit obligation on acquisition of ACM	14,116
Current service cost	75
Interest expense/(income)	338
Contributions by participants	27
Actuarial (gains)/losses on liabilities	807
Net benefit payments from scheme	(82)
Closing value at 28 February 2015	15,281

Changes in the fair value of Scheme assets are analysed as follows:

	Fair value of scheme assets £'000
Opening fair value on acquisition of ACM	12,753
Expected return on assets	307
Actuarial (gains)/losses on liabilities	550
Contributions by employers	244
Contributions by participants	27
Net benefit payments from scheme	(82)
Closing value at 28 February 2015	13,799

Actual return on Scheme assets	£'000
Expected return on assets	307
Remeasurement gain on assets	550
Actual return on assets	857

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 28 February 2015 to changes in the principal assumptions. The sensitivities assume that all other assumptions remain unchanged and the calculations are approximate (full calculations could lead to a different result).

Assumption	Change in assumption	Impact on Scheme liabilities
Discount rate	Increase by 0.1% p.a. Decrease by 0.1% p.a.	Decrease by 1.9% Increase by 1.9%
Rate of inflation ⁱ⁾	Increase by 0.1% p.a. Decrease by 0.1% p.a.	Increase by 1.5% Decrease by 1.5%
Life expectancy	Increase by one year Decrease by one year	Increase by 1.7% Decrease by 1.8%

i) The inflation assumption sensitivity applies to both the assumed rate of increase in the CPI and the RPI, and includes the impact on the rate of increases to pensions, both before and after retirement.

Defined contribution schemes

There are a number of defined contribution schemes in the Group, the principal scheme being the Braemar Seascope Pension Scheme, which is open to all UK employees. Cash contributions paid into the defined contribution schemes are accounted for as an income statement expense as they are incurred. The total charge for the year in respect of this and other defined contribution schemes amounted to £2,156,000 (2014: £3,143,000).

Contributions of £73,000 were due to these schemes at 28 February 2015 (2014: £89,000).

The assets of these schemes are held separately from those of the Group in funds under the control of trustees.

25 Share capital

Group and Company	Ordinary shares		Ordinary shares	
	2015 Number	2014 Number	2015 £'000	2014 £'000
a) Authorised				
Ordinary shares of 10 pence each	34,903,000	34,903,000	3,490	3,490

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25 Share capital continued

Group and Company	Note	Ordinary shares		Ordinary shares		Share premium	
		2015 Number	2014 Number	2015 Number	2014 Number	2015 £'000	2014 £'000
b) Issued							
Fully paid ordinary shares of 10 pence each							
As at start of year		21,671,409	21,652,157	2,167	2,165	12,218	12,150
Shares issued and fully paid for acquisitions	30	8,093,610	–	810	–	40,022	–
Share issue costs	30	–	–	–	–	(850)	–
Shares issued and fully paid (see below)		218,299	19,252	21	2	580	68
As at end of year		29,983,318	21,671,409	2,998	2,167	51,970	12,218

During the year ended 28 February 2015, 8,093,510 shares were issued at a total value of £40,832,000 as part of the consideration to acquire ACM Shipping Group plc on 25 July 2014, of which 125,621 shares were issued in consideration for shares held in the Employee Trust previously run by ACM. Share issue costs of £850,000 were incurred as part of the share issue and deducted from the share premium account (see Note 30).

In addition, 3,548 shares were issued at 426.4 pence, 209,055 shares were issued at 271.0 pence and 5,696 shares were issued at 336.24 pence as part of the Save As You Earn ("SAYE") Scheme. No shares remained unpaid at 28 February 2015.

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.

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

c) 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 £1,331,000 (2014: £613,000) with a further £164,000 (2014: £32,000) incurred in respect of national insurance contributions, all of which related to equity-settled share-based payment transactions. At 28 February 2015, £219,000 (2014: £70,000) 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 2015, 283,851 "Non-performance options" and 151,233 "Performance options" were granted under the CSOP (2014: 325,050 "Non-performance options" and 114,500 "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 2014	Granted	Exercised	Lapsed	Number at 28 February 2015	Exercise price (pence)	Exercisable between
SAYE								
	2011	3,548	–	(3,548)	–	–	426.4	2013-2014
	2012	266,803	–	(209,055)	(19,627)	38,121	271.0	2014-2015
	2012	112,711	–	–	–	112,711	272.9	2015-2016
	2013	117,219	–	(5,696)	(17,098)	94,425	336.2	2016-2017
		500,281	–	(218,299)	(36,725)	245,257		

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

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

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

	2015		2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 March	500,281	287.81p	456,748	278.25p
Granted	–	0.00p	125,351	336.20p
Exercised	(218,299)	275.23p	(19,252)	365.24p
Lapsed	(36,725)	301.36p	(62,566)	291.17p
Outstanding at 28 February	245,257	296.98p	500,281	287.81p
Exercisable at 28 February	38,121	271.00p	3,548	426.40p
			2015 Contractual	2014 Contractual
Weighted average remaining life (years)			1.2	1.7

The weighted average share price for share options exercised in the year is 467.71 pence (2014: 482.54 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 2015, 22,750 shares at a value of £76,000 that were awarded to employees in May 2011 as part of the Plan were delivered to them in May 2014 following the three-year vesting period. Awards over 435,084 shares were made to employees during the year and a total of 251,075 share awards lapsed.

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.

As at 28 February 2015, 822,641 deferred shares had been awarded to employees (2014: 686,382) but not yet vested.

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

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

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25 Share capital continued

In 2014, the performance criteria of the LTIP were updated such that the awards vested over a three-year period based on growth in EPS. If EPS increases by less than 5% then the awards do not vest; if EPS increases by 5% the awards vest by 25%; and if EPS increases by 13% or higher the awards vest 100%, with a sliding scale on a straight-line basis between these growth percentages. In August 2014, awards over 156,812 awards were made to three executive Directors.

In October 2012, LTIP awards over 130,000 shares were made to two executive Directors. The 280,727 awards made in May 2011 lapsed due to the performance criteria not being met.

iv. Restricted share plan

During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). RSP awards are made in the form of a nil cost option and there are no performance criteria other than continued employment. During the year the Company issued 1,409,000 RSP awards of which 50% will vest after three years and 25% after each of the fourth and fifth years provided the individuals remain employed by the Group. At 28 February 2015, 36,500 awards had lapsed.

26 Shares to be issued

Group and Company

	£'000
At 1 March 2013	3,309
Share capital acquired in the year	267
ESOP shares allocated	(642)
At 28 February 2014	2,934
Share capital acquired in the year	228
Share capital issued on acquisition of ACM EBT	525
ESOP shares allocated	(76)
At 28 February 2015	3,611

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 2015, the ESOP held 688,746 (2014: 659,682) ordinary shares of 10 pence each at a total cost of £3,611,000 (2014: £2,934,000) 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.

In addition, as part of the acquisition of ACM Shipping Group plc, the Company issued 125,621 shares into an Employee Trust (EBT) previously run by ACM Shipping Group plc.

The shares owned by the ESOP and EBT had a market value at 28 February 2015 of £3,746,088 (2014: £3,349,535). The distribution of these shares is determined by the Remuneration Committee. 27,224 shares (2014: 151,869) have been released to employees during the year (see Note 25).

27 Other reserves

Group	Capital redemption reserve £'000	Merger reserve £'000	Deferred consideration reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total £'000
At 1 March 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
Cash flow hedges						
– Transfer to net profit	–	–	–	–	(35)	(35)
– Fair value losses in the period	–	–	–	–	(62)	(62)
Exchange differences	–	–	–	1,309	–	1,309
Deferred tax on items taken to equity	–	–	–	–	19	19
At 28 February 2015	396	21,346	–	3,258	(50)	24,950

Company

	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 1 March 2013, 28 February 2014 and 28 February 2015	396	21,346	21,742

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

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

The deferred consideration reserve at 1 March 2013 contained the estimated cost of acquiring the remaining 20% of Fred. Olsen Freight Limited which was held under option. This balance was settled in June 2013.

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 £62,000 liability (2014: £35,000 asset). A deferred tax asset of £19,000 (2014: £8,000 liability) is attributable to these transactions.

28 Non-controlling interest

	Group £'000
At 1 March 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 2015	–

At 1 March 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.

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Profit/(loss) before tax for the year from continuing operations	4,772	8,959	(1,952)	5,853
Loss before tax for the year from discontinued operations	–	(2,094)	–	–
Adjustments for:				
– Depreciation of property, plant and equipment	1,474	1,015	–	–
– Amortisation of computer software	408	254	–	–
– Amortisation of other intangible assets	1,772	432	–	–
– (Profit)/loss on sale of property, plant and equipment	(5,618)	18	–	–
– Other exceptional and acquisition-related items	9,822	–	364	–
– Provision for disposal of discontinued operations	–	822	–	–
– Finance income	(238)	(253)	(1)	–
– Finance expense	531	57	529	77
– Share of loss of joint ventures	22	88	–	–
– Share-based payments (excluding restricted share plan)	555	613	–	–
– Net foreign exchange gains and financial instruments	(428)	(238)	–	–
Changes in working capital:				
– Trade and other receivables	(3,426)	(4,194)	(700)	(283)
– Trade and other payables	1,169	(3,290)	9,128	(65)
Restructuring-related costs	(3,675)	–	(364)	–
Provisions	119	(31)	–	–
Cash generated from operations	7,259	2,158	7,004	5,582

Notes to the consolidated financial statements

continued

30 Business combinations

On 25 July 2014 the Company acquired 100% of the share capital of ACM Shipping Group plc for consideration of £50.4 million.

The fair value of the assets and liabilities acquired was:

	£'000	
Purchase consideration		
– cash paid		10,137
– shares issued (excluding issue costs of £850,000 and EBT shares (see Note 26))		40,310
Total purchase consideration		50,447
– fair value of identifiable assets acquired (see below)		(4,573)
Goodwill		45,874

	Acquiree's carrying amount £'000	Fair value £'000
Cash and cash equivalents	2,070	2,070
Property, plant and equipment	592	592
Investments	1,147	1,000
Deferred tax assets	560	560
Intangible assets related to forward order book	–	2,783
Receivables	6,870	6,606
Payables	(6,357)	(6,357)
Current tax liability	(260)	(178)
Deferred tax liabilities	(383)	(940)
Pension deficit	(1,363)	(1,363)
Provisions	(150)	(200)
Net assets acquired by the Group	2,726	4,573

Outflow of cash to acquire the business, net of cash acquired:	
– cash consideration	10,137
– cash and cash equivalents in subsidiary acquired	(2,070)
Cash outflow on acquisition	8,067
Acquisition expenses charged to the income statement	1,190
Issue costs recognised in share premium	850
Total outflow net of cash acquired	10,107

In addition, the Group issued 125,621 shares which replaced the shares held in the EBT operated by ACM Shipping Group plc.

Goodwill is attributable to ACM's staff as disclosed in Note 13. The intangible asset of £2,783,000 relates to the forward book acquired (see Note 14).

Following the acquisition of ACM, the businesses have merged across the various locations and as a consequence it is not possible to separately identify the revenue and profits made from the date of acquisition until the end of the financial year. In the period from 1 March 2014 to the date of acquisition, ACM Shipping Group plc reported revenue of £8.8 million and operating profit of £1.0 million. The results of ACM Shipping Group plc are included in the Shipbroking division (see Note 2).

In addition to the above, the Group has charged £776,000 in relation to the Group's restrictive share plan. This plan was put in place to retain key staff.

Furthermore, in respect of the acquisition of Lawrence Holt Limited in October 2013, an amount of £97,000 has been paid against the deferred consideration balance (see Note 21).

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			
	Lease minimum payments £'000	Sub-lease income £'000	Net minimum lease repayments £'000	Other £'000
2015				
Within one year	3,497	(689)	2,808	159
Between one and five years	8,746	(1,643)	7,103	66
Over five years	8,498	(1,843)	6,655	–
	20,741	(4,175)	16,566	225

	Land and buildings			
	Lease minimum payments £'000	Sub-lease income £'000	Net minimum lease repayments £'000	Other £'000
2014				
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)	6,001	374

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.

32 Contingent liabilities

The Group has contingent liabilities in respect of guarantees entered into in the normal course of business given as follows:

	Group	
	2015 £'000	2014 £'000
Bank guarantees given to:		
HM Revenue and Customs	2,036	2,036
Third parties (cash-collateralised)	950	453
Third parties (non cash-collateralised)	564	564
Total	3,550	3,053

There are no bank guarantees issued by the Company.

In addition the Company and certain of its UK subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure their borrowing facilities and other financial instruments (see Note 22).

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

**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	2015			2014		
	Recharges to/(from) £'000	Dividends £'000	Balance due from £'000	Recharges to/(from) £'000	Dividends £'000	Balance due from £'000
Braemar Quincannon Limited	–	–	–	(4)	–	53
Braemar Quincannon Pte Limited	–	–	–	(5)	–	–
London Tankers Broker Panel	341	–	–	310	–	–
London Ship Valuation Panel	18	–	–	17	–	–

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

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 (2014: £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	2015			2014		
	Loans/ recharges to/(from) £'000	Dividends £'000	Balance due from/(to) £'000	Recharges to/(from) £'000	Dividends £'000	Balance due to/(from) £'000
Braemar Shipbrokers Limited	–	–	(589)	–	2,544	(589)
Braemar ACM Shipbroking Limited	(1,958)	–	(2,022)	(762)	–	(64)
Braemar Technical Services (Engineering) Limited	(1,261)	–	–	(1)	–	1,261
Braemar Technical Services (Adjusting) Limited	–	–	37	(19)	–	37
Cory Brothers Shipping Agency Limited	–	1,500	(7)	–	–	(7)
Braemar Howells Limited	(234)	–	71	311	–	305
Cagnoil Limited	–	–	39	–	–	39
Braemar Seascope Pty Limited	–	351	–	–	–	–
Braemar Seascope Pte Limited	(2,858)	–	(2,858)	–	2,203	–
Braemar Technical Services Offshore Pte Limited	–	–	(2,652)	–	2,147	–
Braemar Seascope India (Pvt) Limited	–	508	–	–	–	–
ACM Shipping Group Limited	–	–	(1,266)	–	–	–
Portabella Limited	–	–	(525)	–	–	(525)

Five-year financial summary

Consolidated income statement

Overview	Performance	Financial statements
Strategy	Governance	Shareholder information

	12 months to 28 February 2011 £'000	12 months to 29 February 2012 £'000	12 months to 28 February 2013 £'000	12 months to 28 February 2014 £'000	12 months to 28 February 2015 £'000
Continuing operations					
Group revenue	126,135	131,457	139,684	125,531	145,848
Other operating expenses	(111,641)	(120,320)	(128,856)	(116,248)	(134,576)
Exceptional and acquisition-related expenses (net)	(1,565)	(1,366)	(1,498)	(432)	(6,045)
Total operating expenses	(113,206)	(121,685)	(130,354)	(116,680)	(140,621)
Operating profit	12,929	9,772	9,330	8,851	5,227
Interest income/(expenses) (net)	163	196	255	196	(293)
Share of profit/(loss) from joint ventures	103	252	62	(88)	(162)
Profit before taxation	13,195	10,220	9,647	8,959	4,772
Taxation	(3,378)	(2,888)	(2,447)	(2,268)	(2,187)
Profit after taxation	9,817	7,332	7,200	6,691	2,585
Dividends					
Interim	1,817	1,812	1,870	1,915	2,694
Final proposed	3,421	3,523	3,526	3,572	5,600
	5,238	5,335	5,396	5,487	8,294
Earnings per ordinary share – pence					
Basic – continuing operations	48.41p	33.84p	34.47p	33.51p	31.27p
Diluted – continuing operations	47.43p	32.53p	33.36p	32.13p	28.56p

Five-year financial summary

Consolidated balance sheet

	As at 28 February 2011 £'000	As at 29 February 2012 £'000	As at 28 February 2013 £'000	As at 28 February 2014 £'000	As at 28 February 2015 £'000
Assets					
Goodwill	30,006	30,416	30,547	30,091	76,254
Other intangible assets	2,777	2,630	1,524	1,369	3,117
Property, plant and equipment	6,813	6,257	6,165	5,898	4,862
Investments	1,694	1,895	1,796	1,715	1,528
Deferred tax assets	1,797	1,665	1,021	1,644	1,548
Other receivables	238	233	261	242	244
	43,325	43,096	41,314	40,959	87,553
Current assets					
Trade and other receivables	41,055	47,109	44,621	47,386	57,442
Assets held for sale	–	–	–	601	–
Cash and cash equivalents	25,634	17,802	23,616	13,694	16,289
	66,689	64,911	68,237	61,681	73,731
Total assets	110,014	108,007	109,551	102,640	161,284
Liabilities					
Current liabilities					
Trade and other payables	41,062	36,960	36,343	32,847	42,332
Short-term borrowings	–	–	–	–	6,800
Current tax payable	2,379	1,674	1,638	2,112	757
Provisions	267	345	413	410	1,273
Liabilities held for sale	–	–	–	1,119	–
Client monies held as escrow agent	–	335	339	–	–
	43,708	39,314	38,733	36,488	51,162
Non-current liabilities					
Long-term borrowings	–	–	–	–	2,300
Deferred tax liabilities	1,271	1,130	612	531	825
Trade and other payables	–	400	–	–	–
Provisions	217	325	363	335	1,242
Pension deficit	–	–	–	–	1,482
	1,488	1,855	975	866	5,849
Total liabilities	45,196	41,169	39,708	37,354	57,011
Total assets less total liabilities	64,818	66,838	69,843	65,286	104,273
Equity					
Share capital	2,110	2,160	2,165	2,167	2,998
Share premium	11,077	12,018	12,150	12,218	51,970
Shares to be issued	(3,275)	(3,695)	(3,309)	(2,934)	(3,611)
Other reserves	26,323	26,664	27,630	23,719	24,950
Retained earnings	28,424	29,471	30,962	30,116	27,966
	64,659	66,618	69,598	65,286	104,273
Minority interest	159	220	245	–	–
Total equity	64,818	66,838	69,843	65,286	104,273

Overview	Performance	Financial statements
Strategy	Governance	Shareholder information

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Timetable

AGM:	24 June 2015
Ex dividend date for 2014/15 final dividend:	2 July 2015
2014/15 Final dividend record date:	3 July 2015
2014/15 Final dividend payment date:	31 July 2015
2015/16 Interim results announcement:	Late October 2015

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