BRAEMAR

The home of integrated marine + energy services

ANNUAL REPORT 2017

WHO WE ARE

Braemar is a leading international provider of knowledge and skills-based services to the shipping, marine, energy, offshore and insurance industries.

We offer a unique combination of skills and advice to support our global client base, through our three operating divisions: **Shipbroking**, **Technical** and **Logistics**.

CONTENTS

OUR HISTORY

1997

+ Seascope Shipping Limited floated on the main list as Seascope Shipping Holdings plc
+ Seascope Shipping acquires Wavespec Limited (now Braemar Engineering) – **Technical**

2001

+ Seascope Shipping Holdings plc merges with Braemar Shipbrokers Limited to form Braemar Seascope Group plc – **Shipbroking**
+ Braemar Seascope Group plc acquires Braemar Tankers Limited

2003

+ Braemar Seascope Group plc acquires Cory Brothers Shipping Agency Limited – **Logistics**

2005

+ Braemar Seascope Group plc acquires Seawise Australia – **Shipbroking**

2006

+ Braemar Seascope Group plc acquires DV Howells (now Braemar Response) – **Technical**

SHIPBROKING
TECHNICAL
LOGISTICS

PAGES 12-15

PAGES 16-17

2017 PERFORMANCE

Revenue (underlying[1])

£139.8m
(2016: £159.1m)

Revenue (reported)

£139.8m
(2016: £159.1m)

Operating profit/(loss) (underlying[1])

£3.5m
(2016: £13.8m)

Operating profit/(loss) (reported)

£(0.3)m
(2016: £10.3m)

Basic earnings per share (underlying[1])

8.73p (2016: 34.70p)

Basic earnings per share (reported)

(1.66)p (2016: 23.23p)

Full year dividend per share (underlying[1])

14.0p (2016: 26.0p)

Full year dividend per share (reported)

14.0p (2016: 26.0p)

+ Shipbroking division achieved a resilient performance in difficult market conditions, with increased transaction volumes in almost all areas
+ The Technical division suffered from an industry wide reduction in activity, especially in oil and gas exploration. A programme of business restructuring, led by a new management team, has already been completed and is expected to yield circa £6.0 million of annualised cost savings starting from 2017/18
+ Logistics division grew its Agency business significantly, winning several global contracts. In addition, we are implementing a business improvement programme in its smaller Freight Forwarding arm

1 **Alternative Profit Measures ("APMs")**
Braemar uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information to investors and other interested parties. Our APMs include underlying operating profit and underlying earnings per share. Explanations of these terms and their calculation are shown in summary above and in detail in our Financial review.

2007

+ Braemar Seascope Group plc changes its name to Braemar Shipping Services plc
+ Braemar Shipping Services plc acquires Falconer Bryan (now Braemar Offshore) – **Technical**
+ Cory Brothers Shipping Agency Limited acquires Fred Olsen Freight Limited – **Logistics**

2008

+ Braemar Shipping Services plc acquires Steege Kingston (now Braemar Adjusting) – **Technical**

2011

+ Braemar Shipping Services plc acquires BMT Marine and Offshore Surveys (now Braemar Marine) – **Technical**

2014

+ Braemar Seascope and ACM Shipping merge and form Braemar ACM Shipbroking, the **Shipbroking** division of Braemar Shipping Services plc

2017

+ Cory Brothers Shipping Agency celebrates its 175th anniversary – **Logistics**

PAGES 18-19

+ **Online information**
We have comprehensive financial and company information on our website. Go to: braemar.com/investors

ABOUT US

WHAT WE DO

The Group is divided into three operating divisions which provide highly skilled services to our clients from our global office network.

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

We aim to build long-term relationships with our clients based on trust and mutual understanding. Each segment of our diverse portfolio of businesses specialises in a sector of the market, but are all interconnected and capable of servicing the same clients.

Our assets are our people, their client relationships, our reputation and our corporate brand. The name "Braemar" embodies expertise, trust, reliability, respectability and ethical conduct.

OUR DIVISIONS

SHIPBROKING

Revenue

£63.1m

Braemar ACM provides shipbroking services as agent to the owners and charterers of vessels. We operate from a global network of offices with hub offices in London, Singapore, Houston and Melbourne.

Braemar ACM's brokers are specialists in their areas of expertise and cover the vast majority of shipping sectors. Whether facilitating sale and purchase transactions, arranging spot or time charters or providing market expertise, our teams are dedicated to their clients' needs.

As we operate in most sectors of the shipping market, there is a natural diversification to our broking portfolio.

TECHNICAL

Revenue

£42.9m

Braemar's Technical division provides a range of shipping, marine, energy, offshore and insurance market related services from a network of offices around the world with hub offices in London, Houston and Singapore. It has a broad technical skill base which covers loss adjusting for the energy markets, marine warranty surveys, marine engineering, vessel design and consultancy and environmental consultancy and project work.

LOGISTICS

Revenue

£33.8m

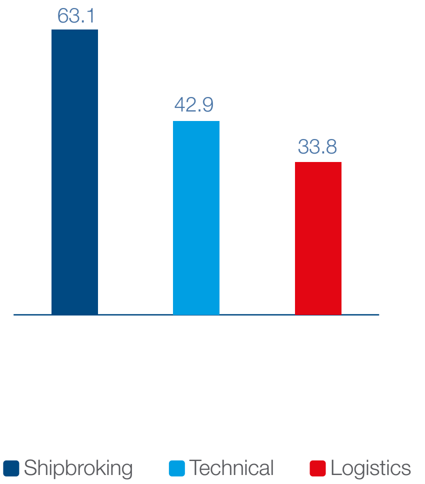
The logistics business trades as Cory Brothers and has been active in ship agency and logistics for nearly 175 years.

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, the US and elsewhere around the world. We also provide freight forwarding and logistics solutions for clients who require a tailored service.

We are able to provide a first-class service through the use of bespoke systems which generate critical management information for our clients.

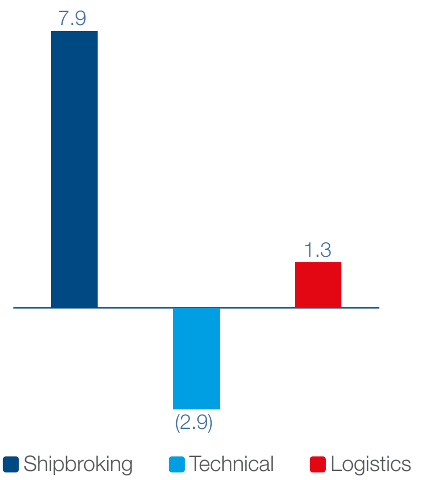
Revenue

£139.8m



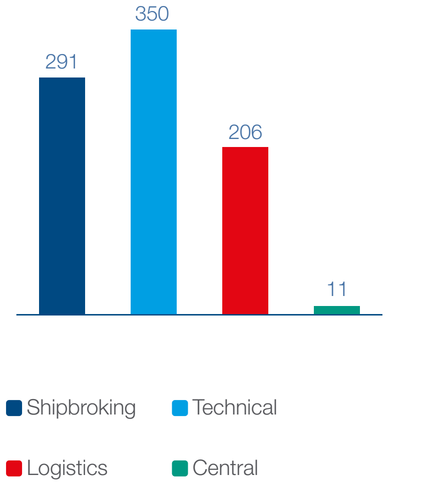
Underlying operating profit

£3.5m



Average number of employees

858



GLOBAL COVERAGE

BRAEMAR OFFICES
● Hubs
✚ Offices

We have created a global network of offices from regional multi-service hubs in London, Singapore, Houston and Melbourne. This network enables us to provide high-quality services to our clients wherever they are required.

CHAIRMAN'S STATEMENT

> "The Board remains committed to the long-term strategy to further develop a diversified portfolio of broking and advisory businesses within its market sectors."

Results for the year

Revenue for the year was £139.8 million which compared with £159.1 million in 2015/16. Underlying operating profit from continuing operations was £3.5 million compared with £13.8 million in 2015/16 and underlying earnings per share were 8.7 pence compared with 34.7 pence last year. These results were adversely impacted by market conditions and reflect the challenging year that Braemar has experienced.

The Shipbroking division, the largest part of the Group, traded well throughout the year and, although underlying operating profit was lower than last year, we were pleased with the resilience this division has shown.

The Technical division's performance was negatively impacted by the reduced levels of activity in the oil and gas markets. In response to this, we appointed a new management team which completed a significant restructuring programme to reshape the business and cut costs. This action has created a unified management and operating structure under the "Braemar" brand.

Our Logistics division reported a lower level of profitability due to weakness in the freight forwarding sector. Its agency business continues to show strong growth having won several major contracts. The division made progress on its long-term strategy to grow the existing business in the UK and Singapore and expand its presence in the US and Europe.

Dividend

The Directors are recommending, for approval at the Annual General Meeting on 22 June 2017, a final dividend of 5 pence per share. The Board's intention is to pay a dividend appropriately covered by earnings from underlying operations in both the medium and longer term.

This dividend will be paid on 28 July 2017 to those on the register at close of business on 30 June 2017. Together with the 9 pence interim dividend, the Company's dividend for the year will be 14 pence (2016: 26 pence).

Colleagues

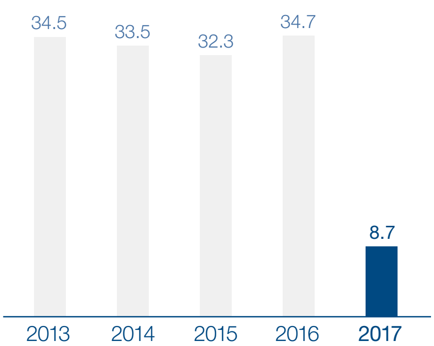
The quality of our people is at the centre of what we do and it is the hard work and loyalty of our staff that enables Braemar to build the long-term strength of our brand and reputation to develop and grow our business. The Board would like to recognise and thank everyone who has worked for the Group during a difficult year to help us shape the business for the future.

Outlook

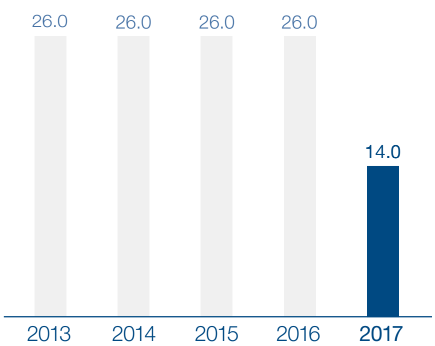
The Board remains committed to its long-term strategy to develop further a diversified portfolio of broking and advisory businesses within its market sectors, through organic and acquisitive growth. We believe the actions we have taken in the Technical division have reset the business platform to be competitive during a challenging part of the cycle. Overall we are confident that the Group is efficiently structured and well positioned to move forward in the years to come.

David Moorhouse CBE
Chairman
9 May 2017

Underlying earnings per share (p)



Dividend (p)



CHIEF EXECUTIVE'S STATEMENT

"We believe the actions we have taken during the year have created a structure suitable for the future in markets where we operate."

Trading performance

Braemar is a diversified group which operates in the shipping, marine, energy, offshore and insurance markets. The Group's lower overall performance for the year was impacted mainly by the difficulties in our Technical division. As a result revenue for the year fell from £159.1 million to £139.8 million and underlying operating profit was reduced from £13.8 million to £3.5 million.

Revenue in our Shipbroking division in 2016/17 was £63.1 million compared with £70.7 million in 2015/16 and underlying operating profit was £7.9 million compared with £9.7 million in 2015/16. This result highlights the weaker overall rates experienced in shipping markets during the year. However, our teams performed well and recorded an increase in transaction volumes on most of our desks. As expected the tanker markets softened during the year which impacted the overall result, although transaction volumes remained strong. The dry bulk shipping market rose during the second half and we were able to benefit from our earlier investment in a new team. Our sale and purchase department performed well, however we saw little change in the offshore market compared with the previous year.

The Technical division felt the effect of the weaker oil and gas market conditions this year with revenue falling to £42.9 million from £54.3 million last year and an underlying operating loss of £2.9 million compared with an underlying operating profit of £5.2 million in 2015/16. The division suffered as significant contract work in the offshore oil and gas markets came to an end and replacement project work was difficult to find. We took action to restructure the division in order to maintain our core skill sets necessary to carry out the full range of services we offer, whilst scaling the business to match current market activity levels and have reduced the headcount in the division by over 25% to 332 at the end of the year. We also worked hard to ensure our services are commonly-branded and marketed under the Braemar name, on a global basis. The actions already taken will realise annualised cost savings of circa £6.0 million which will be evident in 2017/18.

Revenue in the Logistics division reduced slightly from £34.1 million to £33.8 million and underlying operating profit was £1.3 million compared with £1.6 million in 2015/16. Our port agency business performed extremely well in 2016/17 winning a number of important new customers. However, the freight forwarding side of the business was affected by a reduction in market activity. We continue the strategy to develop our international business as well as grow our strong UK presence.

Strategy

We remain focused on our long-term strategy of building our business and the range of services we offer across our worldwide network of offices.

Our Executive Committee continued to review opportunities for expansion through strategic acquisitions, when those opportunities fit with our long-term objectives for the Group. Our structured financing arrangement with HSBC provides us with up to £30 million available for future business development, including an accordion facility of £15 million specifically to support acquisitions. We also continue to seek opportunities to develop our Group organically, specifically targeting strategic recruitment of key individuals or teams to expand and strengthen our service offering.

Our ongoing investment in our global infrastructure continued during the year. We largely completed the roll out of our new common accounting system across all divisions and are now focusing on improved business management tools to better facilitate cross business working to improve client service. These platforms will also provide the basis for future integration of acquired businesses.

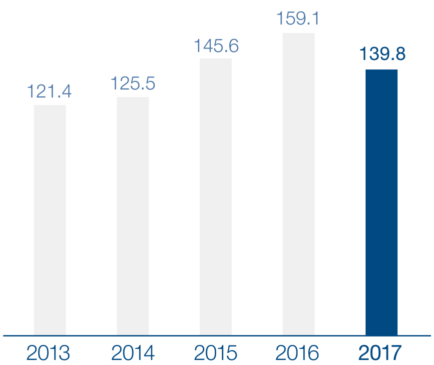
We remain committed to the development of all our staff so that individuals' careers can grow over time and to enable succession to take place naturally at any level in the Group.

Our services will not, in our view, be materially impacted by the economic volatility arising from geopolitical events such as changes in US government policy, the Brexit process and forthcoming UK General Election. However, there may be second order economic effects that are difficult to foresee at this time.

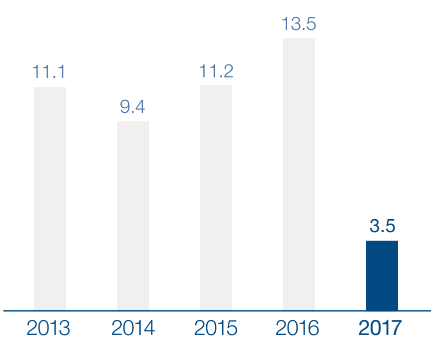
There is no doubt that the Group experienced a difficult year. We have significantly reduced the cost base and I believe we started 2017/18 in a stronger position due to the actions taken. We are able to service our clients through a skilled and dedicated team that is capable of delivering to the highest standards. Despite challenging markets, we continue to focus on Braemar's long-term strategy to develop a valued global provider of knowledge and skill-based services to the shipping, marine, energy, offshore and insurance markets

James Kidwell
Chief Executive
9 May 2017

Revenue (£m)



Underlying operating profit (£m)



BUSINESS MODEL AND STRATEGY

Creating value through deep customer understanding

OUR VALUES ARE AT THE CORE OF WHAT WE DO

People
People are the most important part of our business and the key to our future success.

Culture
We engender a culture that embodies excellence, inspires, motivates and provides the vehicle to excel at all levels.

Clients
We are innovators, continually focused on quality, cost and providing services that meet our clients' needs.

Integrity
We work with integrity and pride. We do the right thing at the right time.

Risk
We understand risk and seek to manage it for the betterment of our Group and our clients.

Environment
We care about the environment and take steps to reduce our impact and that of our contractors.

Safety
We care about the safety of our people, our contractors and our clients.

For more information see p22-25

HOW WE DO IT

SHIPBROKING

+ Chartering
+ Research
+ Sale and purchase
+ Valuations

For more information see p12-15

TECHNICAL

+ Environmental consulting
+ Surveying
+ Consulting
+ Marine

For more information see p16-17

LOGISTICS

+ Ship agency
+ Freight forwarding

For more information see p18-19

KEY FACILITATORS

People
+ Depth of knowledge and expertise
+ Long-standing client relationships
+ Reliable partners

Brand
+ Strong reputation
+ Braemar branding
+ Brand equity investment

Diversified portfolio
+ Complementary business
+ Long-term financial stability

Technology
+ Bespoke information systems
+ Global, proprietary processes
+ Technical services and consultancy

Scalability
+ Strong global presence
+ Organic and acquisitive growth

VALUE WE DELIVER

Employees Rewarding careers for our employees
+ Training hours
+ Share option schemes

Shareholders Long-term financial returns for our shareholders
+ EPS
+ Dividend

Clients High-quality service across a range of markets and geographies
+ Client retention

Sustainable growth

STRATEGIC INITIATIVES

Building a platform for long-term growth

We reaffirm our commitment to developing a diversified portfolio of broking and advisory businesses to the shipping, marine, energy, offshore and insurance industries.

We continue to focus on the following key elements to deliver our long-term vision:

Strategic elements

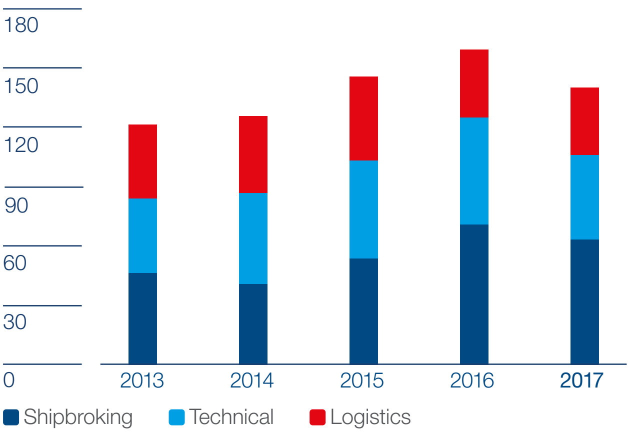
DEVELOPING OUR PEOPLE	+ The knowledge, skills, commitment and reputation of our people are central to the success of our business. + We put significant emphasis on the recruitment, remuneration, retention and development of our people. + We have ensured the business is appropriately scaled for market conditions, though we continue to invest in the highest quality staff to strengthen our teams. + We have a competitive performance-based remuneration for our staff which includes a growing level of equity participation through the use of share-based reward schemes.
ADAPTING OUR SERVICE OFFERING	+ Our businesses serve a range of industries and we continue to develop our service offering to meet their evolving needs. + We monitor the composition of the services we offer on an ongoing basis and develop them to the prevailing and foreseeable market conditions.
INVESTING IN OUR TEAMS	+ We continually invest in our global information technology infrastructure to provide our staff with the tools they need to provide the best possible service to our clients. + We recruit individuals and teams when the opportunities arise and where it enhances the existing services we provide.
EXPANDING OUR GEOGRAPHIC FOOTPRINT	+ We continue to build our global geographic footprint by establishing businesses in regions where we have an existing presence, using our hub office network to support this expansion. + We focus on organic growth in our existing business units. + We actively seek acquisition opportunities. + We continue to promote the development of the global Braemar brand across all our business units.

KEY PERFORMANCE INDICATORS

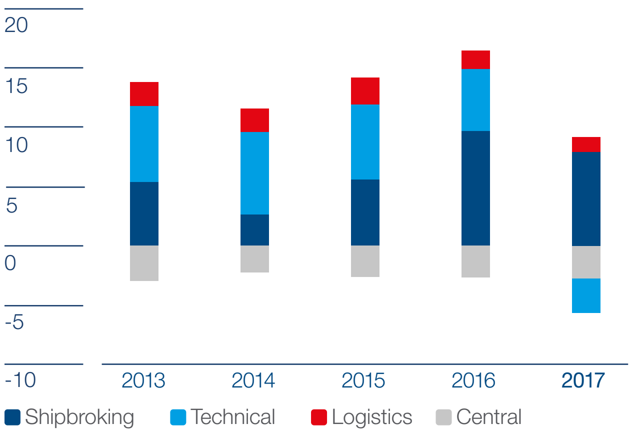
Long-term sustainable growth

The Braemar business is built on the creation of profit and the delivery of long-term value to our shareholders. Our key performance indicators are revenue, underlying operating profit (measured at divisional and Group level) and EPS from underlying operations. Underlying operating profit and underlying EPS are reflected in the Group's remuneration policies.

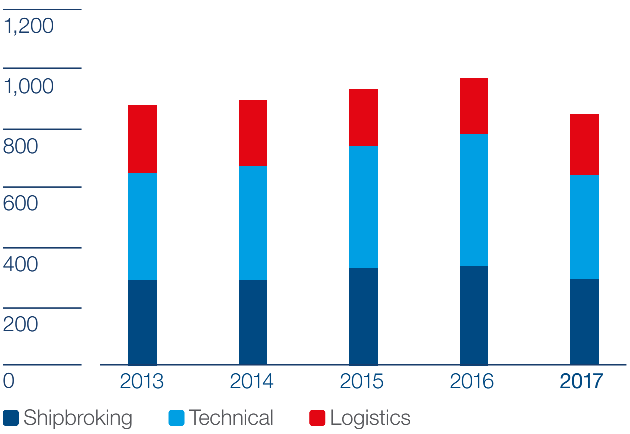
Revenue (£m)



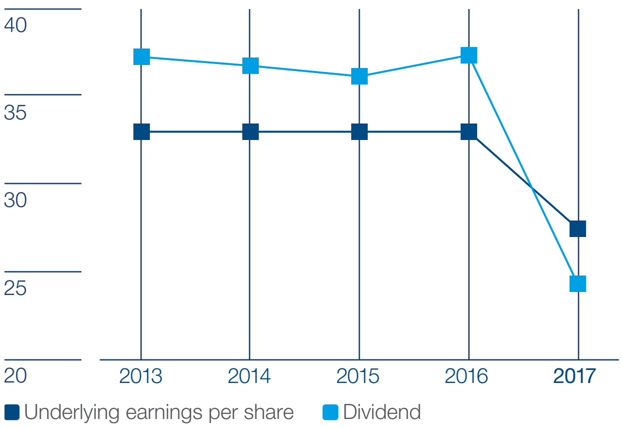
Underlying operating profit (£m)



Headcount (000)



Dividend/Underlying operating earnings per share (p)



REVIEW OF OPERATIONS | **SHIPBROKING**

Braemar ACM is one of the largest shipbroking companies in the world. With brokers located in the key shipping geographies, covering voyage and contract chartering, sale and purchase, long-term projects and market research across all the major commercial shipping sectors, Braemar ACM delivers a comprehensive worldwide shipbroking service.

SERVICES

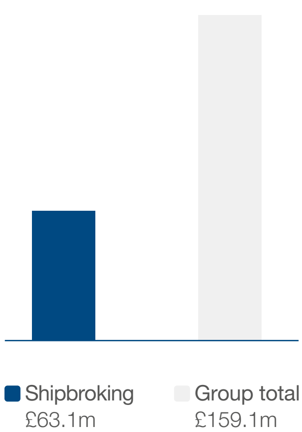
+ Tanker chartering: crude oil, clean petroleum products, liquefied petroleum gas ("LPG"), liquefied natural gas ("LNG"), specialised tankers, forward freight agreements ("FFA"), projects
+ Sale and purchase: second-hand, newbuilding, recycling, valuations
+ Dry bulk chartering
+ Offshore: chartering, sale and purchase
+ Research and consultancy

The Shipbroking division reported a solid performance in 2016/17 with all market sectors achieving profits. As expected the business faced tough market conditions marked by falling tanker rates and continued low offshore rates, but managed to deliver strong results in the circumstances. Overall divisional revenues and underlying operating profits were lower than 2015/16 though the strength of our broking teams ensured that our transaction volumes increased in virtually all sectors. Our total forward order book at the year-end was $39 million, of which $20 million relates to 2017/18. We continue our growth strategy by investing in strategic hires of individuals and teams. During the year, we hired a team of dry cargo brokers to build our London dry cargo team, which has proved a successful investment.

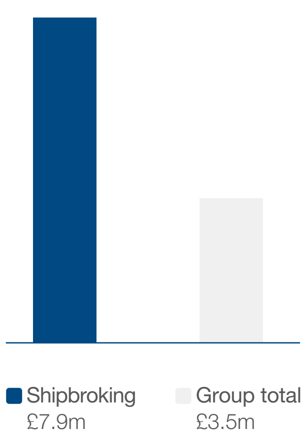
Deep sea tankers

Following a very strong year in 2015/16, the deep sea tanker market weakened in 2016/17 as the growth in tonnage drove freight rates down and the beneficial effects of low oil prices wore off. Our deep-sea tanker department represents the largest contributor to the Shipbroking division and our teams across our offices performed well and recorded an increased volume of transactions compared with the previous year.

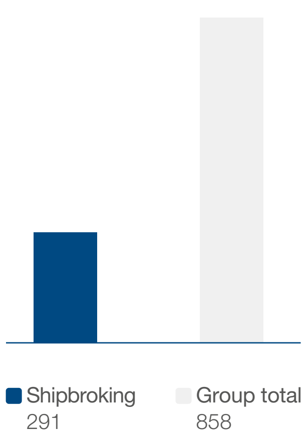
Revenue



Underlying operating profit



Employees



High product stocks and lower refinery runs caused product carrier earnings to fall steadily throughout the year. Linked closely to developments in the charter markets, tanker asset values continued the steady decline that started in early 2014 for newbuilding prices and the end of 2015 for second-hand values. As the world became accustomed to the lower oil price, its impact on oil demand was less marked. Oil demand grew in 2016, driven by transport and petrochemical demand in China and India but also by consumption growth in Europe and the US. Some of last year's demand was drawn out of ample local product stocks, or from cheap LPG which is likely to continue displacing naphtha as a feedstock for steam crackers, but product stocks are already returning to longer-term average levels. Crude stocks are volatile, and will ultimately hinge on the effectiveness of OPEC's efforts to remove crude supply from the market.

Heavy delays to newbuildings under construction mean that tankers scheduled for delivery in 2016 slipped into 2017 and beyond and resulted in lower overall fleet growth in 2016 than expected. In 2017, it is expected that there will be similar slippage and also a slightly higher level of demolition, but that overall capacity will increase. This fleet growth is likely to outweigh growth in seaborne trade volume, but tankers' trading should be protected to some extent by an average lengthening of voyage distance as Atlantic basin sweet light crudes replace lost heavy/medium sour crude production in the Middle East. In 2017, freight rates will reduce if seaborne imports are replaced from local stocks but will hold up if crude exports from the US, Nigeria or Libya rise to fill a void left by others. Refining margins could suffer if crude prices rise and the resulting drop in run rates could hurt the crude sector. However, both crude and product tanker rates stand to recover once local product stocks are drained.

Specialised tankers

Our specialised tanker department covers the transportation of LNG, LPG, petrochemical gases, chemicals and smaller parcels of products. There has been a continued expansion to the fleet of LPG and LNG vessels, in particular VLGCs, which has put pressure on freight rates in the spot market and challenged demand for time charters. However, fixture volumes remained steady and the teams overall maintained their level of earnings compared with the previous year.

Revenue

£63.1m

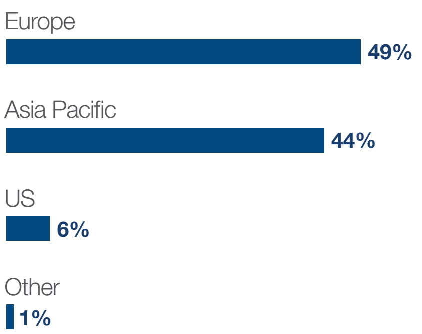
2015/16: £70.7m

Underlying operating profit

£7.9m

2015/16: £9.7m

Employees by location



REVIEW OF OPERATIONS | SHIPBROKING

CONTINUED

After a challenging first half of 2016, the LNG shipping market saw spot/short-term charter rates improve modestly. The start-up of several new projects in 2016, in the US, Australia and Malaysia has driven supply to record levels. Asia continued to be the largest importer of LNG during the year, representing 73% of global LNG demand and Qatar retained its position as the biggest LNG exporter, supplying nearly a third of the world's LNG exports. In 2017 Australia is expected to surpass Qatar to become the biggest LNG exporter and it is expected that global LNG production capacity will increase in 2017 led by Australia and the US. However, there is uncertainty over the exact timing of first production from Australian projects scheduled for start-up in 2017, partly because new LNG capacity will enter the market at a time of weak global LNG demand growth.

LPG freight markets weakened in 2016, with significant downward pressure felt in the VLGC sector. Despite the fall in earnings the spot market remained active, with seaborne LPG trade expanding during the year with most of the growth in LPG exports coming from production in the US. Saudi Arabia LPG exports rose in 2016 although export growth from other Middle Eastern producers was flat. The opening of the Panama Canal locks in June 2016 provided a shorter route for VLGCs moving LPG from the US Gulf to the Far East and most VLGC trade from Houston to the Far East has taken advantage of the shorter passage.

The petrochemical gas market was turbulent during the year with a significant increase in the number of new-building vessels adversely impacting freight, with larger vessels competing for smaller cargoes. As the shipping surplus became evident owners cancelled new building orders during the year. There was limited new production in the petrochemical segment. In 2017, there is likely to be a significant number of new vessels delivered into the market with apparently very limited product supply growth.

Offshore

Our offshore desk, which operates out of London, Aberdeen, Singapore and Houston, continued to experience challenging markets as global oil and gas exploration and production activity remained low. The team performed well in these tough market conditions to deliver a profitable result for the year. We don't expect much improvement in the market over the next year and it will take some time for any recovery to take effect once exploration and production expenditure increases. We have ensured that our experienced core team has been maintained in this area in readiness for a cyclical recovery.

Dry bulk

Freight rates in the dry bulk market, which hit an all-time low during the year, were depressed in the first half of the year caused by over-capacity and weaker commodity demand in the core markets. Capesize time charters hit their lowest point in March 2016 while the main Panamax, Supramax and Handysize time charter indices all dropped to levels that did not cover daily operating costs. However, by the end of 2016, spot rates were hitting their best levels in two years, with time charter rates and vessel values appreciating as the market recovered. During the first half of the year, we carried out a cost control programme to ensure the global department is structured

appropriately and invested in key hires to strengthen our Cape team. Despite fewer staff, our teams achieved a similar number of transactions compared to the previous year.

In 2017, growth in dry bulk demand is expected to continue considering widely-expected global economic recovery. In the short-term the Chinese government's strategy for the steel and coal sectors will ultimately determine import demand for the two largest dry bulk trades of iron ore and thermal coal that dominate the Cape and Panamax markets. However, there are also positive developments in grain and agricultural trade which are expected to continue growing.

In 2016 the dry bulk fleet grew as the delivery of new vessels exceeded vessels removed from the market for demolition. In 2017 and beyond the main uncertainty is when newbuild ordering will return to a level that will push future supply growth above what is predicted to be stable demand growth.

Sale and purchase

The sale and purchase team operates out of London, Singapore, Beijing and Shanghai. In 2016/17 the team concluded a higher volume of second-hand and demolition vessel transactions compared with 2015/16. However, the average value of vessels was reduced.

Towards the end of the year an increased interest in the market for older vessels caused the second-hand value of bulk carriers to rise substantially. There has also been some renewed interest in newbuilding bulk carriers. As new ballast water treatment regulations come into effect in 2019/20, there is likely to be an increase in the scrapping of older vessels potentially either reducing the overall fleet and/or stimulating newbuilding demand.

Sale and purchase activity in the tanker market has been relatively quiet as tanker freight rates have remained at a level where owners have been able to achieve good earnings from the relatively new fleet.

The Shipbroking division reported a solid performance in 2016/17 with all market sectors delivering profits. The business faced tough market conditions marked by falling tanker rates and continued low offshore rates, but managed to deliver strong results.

REVIEW OF OPERATIONS | **TECHNICAL**

Braemar's Technical division provides energy loss adjusting, surveying, marine engineering and consultancy services to the shipping, marine, energy, offshore and insurance markets.

SERVICES

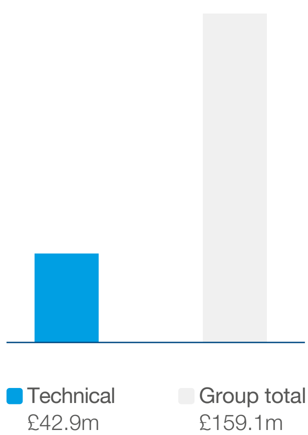
+ Vessel surveys
+ Liquefied natural gas consulting
+ Marine engineering
+ Ship construction – supervision
+ Marine warranty surveys
+ Offshore project management
+ Energy loss adjusting
+ Incident response and pollution control
+ Environmental consulting

The division reported revenue of £42.9 million in 2016/17 compared with £54.3 million in 2015/16. The underlying operating loss was £2.9 million compared with an underlying operating profit of £5.2 million last year. The performance of the division was severely affected by the slowdown in oil and gas exploration and production development activity where a significant proportion of revenue has previously been earned.

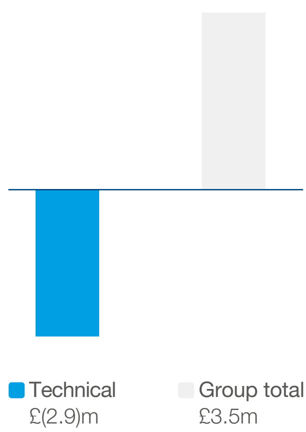
In the oil and gas sectors, the upstream sector was hit as the benefits of pre-existing hedging and long term contracts came to an end and producers advised that debt incurred in anticipation of ongoing high commodity prices had become onerous. Drilling activity has also reduced which affected service companies and suppliers across the globe with demand for offshore construction, heavy lift vessels, supply boats and anchor handlers all reducing significantly. This fall in drilling activity caused a significant reduction in offshore energy premiums for insurance services businesses. Finally, although the world shipping fleet continued to grow, there was a general downward trend in claim numbers and claim values with premium levels in the hull and machinery and cargo sectors continuing to decline.

The focus of the Technical division in 2016/17 was to realign all areas of the business to form an appropriate structure for the future with no diminution in service capability. We put in place a new management team in the first half of the year under a newly appointed divisional Managing Director, Grant Smith.

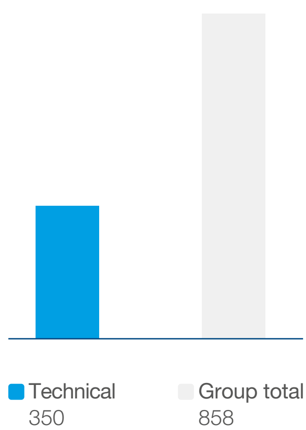
Revenue



Underlying operating profit



Employees



Fundamental to the future success of the division was creating a unified business which focuses on customer service through the development and implementation of uniform best practice under a matrix service structure. A new senior management team has been put in place which share responsibility for the service lines we offer and the regions in which we operate. Michael Chan takes responsibility for our offshore energy marine warranty surveying service line and regional responsibility for the Asia Pacific region. Geoff Jones takes global responsibility for both adjusting and marine service lines and heads our Europe, Middle East and Africa ("EMEA") region. Sheila McClain has taken on the responsibility for engineering and naval architecture as well as regional responsibility for the Americas. Finally, Zal Rustom has responsibility for our global response service business.

This new structure has taken effect from the start of 2017/18 and we believe will create greater internal and external clarity of the way in which we operate, as well as enabling more efficient utilisation of fee-earning staff. The division, which will ultimately operate under a single brand name, will continue to develop standardised processes and procedures across all our offices. Our substantial restructuring programme is now complete and we expect the effect of our actions to generate circa £6 million annualised cost savings and generate opportunities for revenue growth through closer cooperation.

The performance of the division in 2016/17 is summarised as follows:

Offshore

Braemar Offshore, our marine warranty surveying and engineering consultancy business located in the Asia Pacific region, was affected considerably by project delays and reduced activity due to the low oil price and reduced exploration and construction activity in the region. We have reduced the cost base across all offices in the region. Our workforce is now scaled appropriately to operate efficiently in current and foreseeable market conditions.

Engineering

Braemar Engineering, our consulting engineering business, successfully concluded its three-year project for the design, site supervision and crew training for six LNG ("liquefied natural gas") carriers in the first half of the year. On completion of this material project and in response to the downturn in LNG sector activity, we took the opportunity to refocus the team in the UK by targeting core skills and re-locating staff to our integrated divisional London office. Our office in Houston continued its involvement in the development of new technology for the containment of LNG which it started in 2015. Our teams in both London and Houston are now focusing on growing our engineering activity and, at the end of the year, started to see an increase in tender enquiries in both the marine and onshore LNG markets.

Adjusting

Braemar Adjusting, our energy loss adjusting business, reported a profitable performance in the year despite challenging market conditions. Our office in the Middle East performed particularly well with a high level of utilisation. We continue to maximise the utilisation of staff across the business by relocating staff to project locations whenever possible.

Marine

Braemar Marine (formerly the Salvage Association) which specialises in hull and machinery damage surveying and marine consultancy, experienced reduced activity with a lower level of instructions received. The business has also taken action to address its cost base to ensure it is appropriately resourced for the future and towards the end of the year, we saw an increase in utilisation as a result of these actions.

Response

Braemar Response (formerly Braemar Howells), our incident response and environmental consultancy services business, carried out a routine level of work with no significant project work undertaken in the period. During the year, the business focused on developing its UK operations, particularly retained services and framework agreements with major customers. We terminated our activities in West and Central Africa at the end of contracted business. Braemar Response reset its cost base to cater for this change in focus while ensuring that its core skill and knowledge will enable it to provide response to larger incidents as required.

Revenue

£42.9m

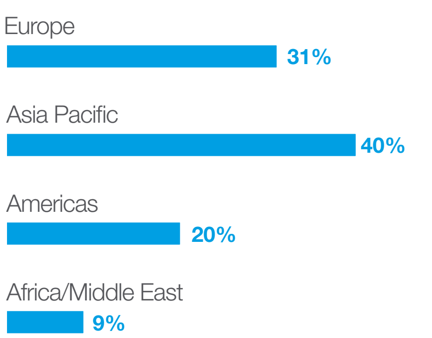
2015/16: £54.3m

Underlying operating loss

£(2.9)m

2015/16: £5.2m

Employees by location



REVIEW OF OPERATIONS | **LOGISTICS**

The Braemar Logistics division operates under the name “Cory Brothers” and provides ship agency, freight forwarding and logistics services throughout the world.

Cory Brothers has extensive industry experience and maintains a worldwide reputation for meeting customer’s expectations as measured by their key performance indicators. The business performed well in competitive ship agency and freight forwarding markets. In particular, we have developed our international presence, notably in the US and Europe. The business provides a high-quality service which is carried out from an efficient office network.

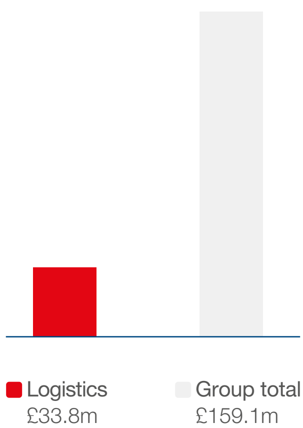
Port agency

The Ship Agency business services UK ports, the port of Singapore, North America and Amsterdam and has joint arrangements with a number of worldwide agency partners. During the year, we have achieved strong business development and an improved financial performance. We have won a number of substantial client accounts and are developing them internationally by delivering consistently high levels of service. As well as maintaining our strong UK business, our key focus remains the expansion of our service in North America and Europe.

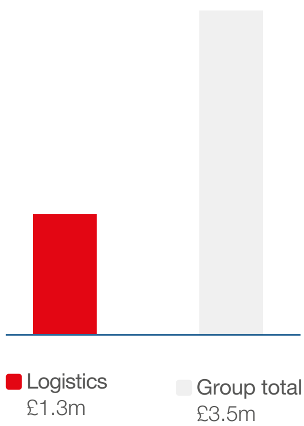
SERVICES

+ Port and liner agency
+ Hub agency
+ Freight forwarding
+ Customs clearance

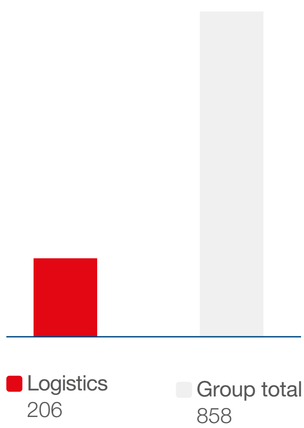
Revenue



Underlying operating profit



Employees



Freight forwarding

The freight forwarding business experienced a tough market this year resulting in a lower level of activity. We have performed a detailed review of all aspects of the business and we are implementing a business improvement programme across all service areas which we expect to generate an improved performance in the future.

Revenue

£33.8m

2015/16: £34.1m

Underlying operating profit

£1.3m

2015/16: £1.6m

Employees by location

Europe
90%

Asia Pacific
6%

US
4%

FINANCIAL REVIEW

"The decisive actions taken during the year will ensure that our business is well positioned for the future."

Overview

Group revenue has fallen across each of our divisions and primarily reflects the prevailing market conditions that each of them has faced during the year. This has had an impact on the underlying operating profit and margin in each division. The combination of underlying performance and the net impact of the Specific Items (detailed below) has resulted in an operating loss of £0.3 million for the year (2015/16: £10.3 million profit).

Direct and operating costs

Cost of sales comprises freight and haulage costs incurred in the Logistics division and payments to sub-contractors, materials, and other costs directly associated with the revenue to which they relate in other divisions. Cost of sales are lower than the previous year, principally due to the lower levels of sub-contracted activity in the Technical division. In particular, Braemar Engineering completed the project for the design, site supervision and crew training for six LNG carriers in May 2016 which has significantly reduced comparative cost of sales. Operating costs are also lower than the previous year, reflecting the lower average number of staff employed by the Group during the year.

Summary income statement

	2017 £'000	2016 £'000	2015 £'000
Revenue	**139,842**	159,125	145,601
Cost of sales	**(28,339)**	(33,365)	(37,700)
Operating costs	**(105,287)**	(109,329)	(93,749)
Central costs	**(2,721)**	(2,673)	(2,621)
Underlying operating profit before specific items	**3,495**	13,758	11,531
Restructuring costs	**(3,008)**	–	–
Gain on disposal of investment	**1,664**	–	5,409
Acquisition-related expenditure	**(2,485)**	(2,668)	(3,738)
Acquisition-related restructuring	**–**	(777)	(7,619)
Operating (loss)/profit	**(334)**	10,313	5,583

Specific items

We have separately identified certain items that we do not consider to be part of the ongoing trade of the Group. These significant items are material in both size and nature and we believe may distort understanding of the underlying performance of the business. These include:

Restructuring costs

During the year we incurred £3.0 million of restructuring related costs. £2.8 million of these costs were in the Technical division and relate to the restructure of the division to create a more aligned business with an appropriate cost base for the future. The effect of this restructure is expected to generate annualised cost savings of circa £6.0 million.

Gain on sale of investment

During the year we disposed of our shares in The Baltic Exchange to the Singapore Exchange. We recognised a profit on sale of the shares of £1.7 million including a special dividend of £0.2 million which was linked to the sale.

Acquisition-related expenditure

We incurred £2.5 million (2015/16: £2.7 million) acquisition-related expenditure during the year. When we acquired ACM Shipping Group plc in July 2014, we established a share plan which we put in place to retain key staff. The cost of this share plan is categorised as acquisition-related expenditure and the charge in the year was £1.5 million (2015/16: £1.6 million). The annual charge relating to these awards will reduce as these awards vest, and we will incur approximately £1.1 million in 2017/18. During the year we also incurred a charge of £0.5 million (2015/16: £1.1 million) in relation to the amortisation of intangible assets arising from acquisitions and £0.5 million associated with other acquisition-related activity.

There were no acquisition-related restructuring costs during the year. The costs incurred in the prior year related to the completion of the integration of the Shipbroking businesses following the merger of Braemar Seascope and ACM Shipping.

Finance costs

The net finance cost for the year of £0.3 million (2015/16: £0.4 million) reflects the cost of working capital and the facilities structures that we have in place with HSBC.

Capital expenditure
In 2016/17 total capital expenditure was £1.0 million (2015/16: £2.1 million). The most significant item of capital expenditure was the implementation of our new global accounting system which is now largely complete. The level of capital expenditure is lower than the last two years when we invested a significant amount in our offices in London.

Balance sheet
Net assets at 28 February 2017 were £100.2 million (2016: £107.3 million). There have been no significant capital transactions during the year and the main movement in the year has been the revaluation of the defined benefit pension scheme (noted below).

The Group has focused on working capital improvement and cash collections and in particular the level of provision against trade receivables to ensure that the policy is appropriate for the different industries across the Group. At the end of the year trade and other receivables had fallen by £0.9 million to £57.2 million and the value of the provision against trade receivables fell from 13.6% to 12.9% (see Note 18 to the Financial Statements). The effect of the strengthening of the US dollar versus pound sterling has increased the value of our trade receivables by approximately £3 million.

Borrowings and cash
At the balance sheet date, the Group had facilities of £30 million, made up of a revolving credit facility of £15 million and an accordion facility of £15 million provided by HSBC.

The Group also has access to global cash management opportunities, notably in our regional hubs of UK and Singapore. At the end of the year the Group had net cash of £7.1 million (2016: £9.2 million) made up of £7.7 million of cash and £0.6 million of net drawings of the revolving credit facilities against our pooled cash.

Retirement benefits
The Group has a defined benefit pension scheme which was closed to new members during 2015/16. The scheme has a net liability of £4.3 million (2016: £1.2 million) which is recorded on the balance sheet at 28 February 2017. The current level of scheme-specific funding is an annual cash contribution of £0.45 million and the next triennial funding valuation for the scheme will be carried out as at 31 March 2017.

Foreign exchange
The US dollar exchange rate has moved from US$1.39/£1 at the start of the year to US$1.24/£1 at the end of the year. A significant proportion of the Group's revenue is earned in US dollars. At 28 February 2017, the Group held forward currency contracts to sell US$20.5 million at an average rate of $1.325/£1 and options over a further US$4.5 million at an average rate of $1.298: £1.

Taxation
The Group's effective tax rate in relation to continuing operations in 2016/17 was 19.3% (2016: 23.9%). The rate is lower than the UK standard rate of corporation tax of 20% due to the impact of UK prior year adjustment credits and the real effective tax rate is similar to prior year. In general, the effective rate of tax is usually higher than the UK standard rate of corporation tax as a result of disallowed business expenses, the effect of tax deducted on repatriating cash from overseas and higher overseas corporate tax rates. We expect the Group's effective tax rate to follow the movement in UK standard rate of corporation tax as it falls from 20% to 19% in 2017/18 and then to 18% in 2020/21.

Divisional highlights

	2017 £'000	2016 £'000	2015 £'000
SHIPBROKING			
Revenue	**63,132**	70,699	53,589
Underlying operating profit	**7,882**	9,653	5,588
Underlying operating profit margin	**12.5%**	13.7%	10.4%
Employee numbers(i)	**291**	334	327
TECHNICAL			
Revenue	**42,860**	54,283	49,646
Underlying operating (loss) / profit	**(2,920)**	5,201	6,289
Underlying operating profit margin	**(6.8)%**	9.6%	12.7%
Employee numbers(i)	**350**	444	410
LOGISTICS			
Revenue	**33,850**	34,143	42,366
Underlying operating profit	**1,254**	1,577	2,275
Underlying operating profit margin	**3.7%**	4.6%	5.4%
Employee numbers(i)	**206**	189	192

(i) Average annual equivalent number of employees. Note that the Technical Division have substantially reduced headcount during the year and employed 332 staff at 28 February 2017. The Shipbroking and Logistics employee numbers at 28 February 2017 were materially in line with the annual average.

Capital management
The Group manages its capital structure and adjusts it in response to changes in economic conditions and its capital needs. 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 whenever possible which can be supported by short-term use of its revolving credit facility. This is drawn down as required to provide cover against the cyclical nature of the shipping industry.

ESOP Trust
During the year the Company requested that SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust, purchase shares in Braemar Shipping Services plc. During the year the Trustees purchased 150,000 ordinary shares in the Company.

As announced on 2 March 2017, the Company entered into a trading plan with the Trustee for the period 6 March 2017 to 9 May 2017. This plan enables the Trustee to operate with discretion and independence to purchase ordinary shares in the Company for the ESOP. During this period the Trustee has purchased 250,000 shares in the Company. At 9 May 2017 the ESOP holds 786,386 shares.

Dividend
The directors are recommending, for approval at the Annual General Meeting on 22 June 2017, a final dividend of 5 pence. Together with the interim dividend, the Company's dividend for the year will be 14 pence (2016: 26 pence). The Board's future intention is to pay a dividend appropriately covered by earnings from underlying operations. Our target is to achieve dividend cover of 1.5 times in the medium to long term and pay interim and full year dividends in a ratio of 1:2. However we may vary this policy to ensure we have sufficient flexibility in our capital structure to make appropriate financing and investment decisions.

Louise Evans FCA
Finance Director
9 May 2017

RESOURCES AND RELATIONSHIPS

Our people are our business

Our people

The quality of our staff and the role that they play is fundamental to making our business a success. A workforce that is skilled, enthusiastic and motivated ensures we are able to provide the highest level of service to our clients.

We provide a work place that is fair and professional for all employees and we strive to create modern, functional offices, of a similar standard with the same information technology across the world. We also promote high professional standards, partly through the application of the Group-wide employment policies which cover equal opportunities, bullying, harassment and whistleblowing. We provide equal opportunities for all our staff without any discrimination on the grounds of race, religious or political beliefs, marital status, age, gender, sexual orientation or disability. Access to employment, training and career progression opportunities are available to all our staff and we strive to select individuals solely on merit.

We have a code of conduct in the Group which we operate and is summarised in the following seven core values:

People

Our people are the most important part of our business and the key to our success. We provide positive leadership so that individuals understand that "how" they do their job is as important as "what" they deliver and recognise the importance of the contribution that everybody makes individually as well as for their team.

At 28 February 2017, we had six Directors of Braemar Shipping Services plc, five of which were male. Across the Group we employed 858 staff in the Group during the year of which 24% are female. Senior management female representation is limited and includes one Executive Committee member and two divisional board members.

We look to identify current and/or future potential successors to senior management roles throughout the Group. This includes emphasis on gender diversity which is actively encouraged by the Group and divisional boards.

Culture

We provide a culture that embodies excellence, inspires, motivates and provides the vehicle to excel at all levels. We have a policy of open and honest communication and are committed to maintaining a culture of diversity and inclusion that values the rich mix of individuals, viewpoints, talents and experiences found in our organisation. We operate a culture where all staff have a clear understanding of what is required of them in their job and the role they play in delivering our core purpose across the business. We carry out performance reviews of staff performance and ensure all staff, irrespective of line of business, are recognised and rewarded for their performance based on merit which includes, where appropriate, participation in an annual discretionary bonus linked to value delivery and share option schemes including deferred share awards and Save As You Earn Schemes.

Clients

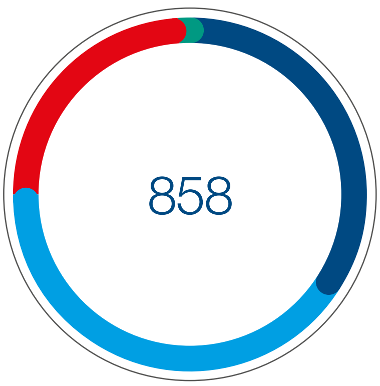
We continually focus on quality, cost and providing services that meet our clients' needs. We treat and respect our clients in a way we would expect to be treated ourselves and provide them with high quality services at a competitive cost which are tailored to their needs. We are committed to the highest professional standards in everything we do and ensure that we maximise our skills for the roles we perform.

Our clients rely on us to provide insight and access to 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.

Integrity

We work with integrity and pride. We do the right thing at the right time. We work in an open and honest environment where bribery, corruption and fraud are not acceptable. We never provide or receive anything inappropriate nor will we tolerate reprisals against those who come forward with disclosures of improper conduct. We will always avoid actual or potential conflicts of interest.

Average number of employees



Shipbroking 34%
Logistics 24%
Technical 41%
Central 1%

RESOURCES AND RELATIONSHIPS

CONTINUED

Risk
We understand risk and seek to manage it for the betterment of our Group and our clients. We operate appropriate internal systems of controls and we recognise the responsibility to safeguard UK Company resources and information for use efficiently and appropriately, protecting confidentiality and complying with appropriate inside information regulations at all times. We ensure that our services are supplied in a way that is consistent with relevant import and export control and licensing laws and monitor the compliance with our processes and procedures through the internal audit programme. We are committed to free and fair competition in all markets in which we operate. We perform annual risk reviews across the whole business to assess the risks we are taking and ensure they are managed appropriately. The Group operates a whistleblowing procedure using 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.

Environment
We care about the environment and take steps to reduce our impact and that of our contractors. We recognise that in the markets in which we operate, we have a considerable impact in the areas of human rights, social and community issues and our behaviour and advice can have a positive effect. We seek to minimise and monitor energy management though we are not heavy users of resources or producers of waste and emissions. We assess the quantities of greenhouse gases produced through the use of gas and electricity in our offices and car usage for work purposes.

Global greenhouse gas emissions data
We are not a significant producer of greenhouse gas emissions. 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 2017. The result of this calculation is compared with previous years in the table below. The difference in overseas electricity measure is as a result of different guidelines on the conversion of Kwh to CO_2e, rather than in the underlying Kwh.

Safety
We care about the safety of our people, our contractors and our clients. We have health and safety policies in all our businesses and we monitor compliance with these policies. We have a zero-accident mentality and have developed standard procedures and detailed plans for safety in our workplaces, which also adhere to local government rules and regulations. We always carry out our business in such a manner as to prevent incidents which may result in personal injury, illness or damage/loss of assets. We respect internationally recognised human rights standards, such as the United Nations Universal Declaration of Human Rights, and other relevant international conventions and guidelines.

	Total tonnes CO_2e			
	2016/17	2015/16	2014/15	2013/14
Overseas electricity	**327**	372	439	246
United Kingdom electricity	**442**	655	566	624
Natural gases	**51**	50	45	53
Fuel – diesel/petrol	**191**	232	288	271
Total tonnes CO_2e	**1,012**	1,309	1,338	1,194

We recognise that staff in our Technical and Logistics divisions operate in higher risk environments from a health and safety perspective. Each of these divisions employs full-time health and safety professionals specialising in their respective areas of business. Both Braemar Response and Cory Brothers in the UK have accreditation to ISO 18001 occupational health and safety management standard and Cory also has the ISO 14001 environmental standard.

Our reputation and brand

We continue to bring together the businesses we have acquired under the Braemar brand, though we have retained the positive historic associations with the brand "Cory Brothers" which will celebrate 175 years of presence in its markets in 2017. A key part of the restructure of our Technical division during the year has been to bring the individual businesses closer together to promote itself as One Braemar.

Our knowledge management

We continue to develop our knowledge management across the markets in which we operate so that we provide our clients with the benefit of our experience and expertise to service their requirements. We support this through comprehensive market information and bespoke analytical research and modeling which gives our clients a competitive advantage.

Our ethical footprint

The Group is committed to undertaking business to the highest standards and has clear ethical guidelines on anti-bribery and corruption and we monitor this on a regular basis. We provide ongoing training and monitor compliance with the Group's policies through the Group's internal audit process.

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chain or any part of the Group. The Braemar Anti-slavery Policy, as published on the Group's website, reflects the commitment to acting ethically and with integrity in all the Group's business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in the supply chain.

We support a number of charitable organisations, many of which are concerned with maritime causes, and 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.

PRINCIPAL RISKS AND UNCERTAINTIES

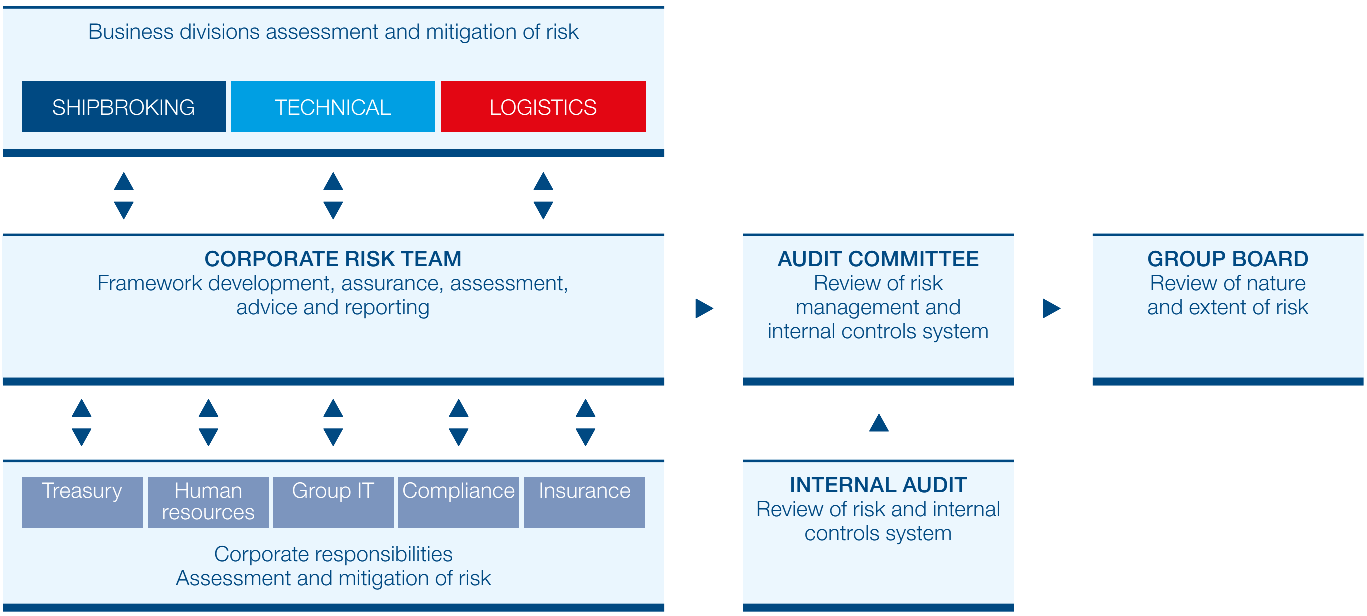
We have developed our approach to the assessment, management and reporting of risks with a process and governance structure which enables the Audit Committee to review the nature and extent of the identified risks that the Group faces. The risk monitoring process to monitor risk has been in place throughout the year and up to the date of approval of the Annual Report.

Responsibility for the identification and management of risk (including monitoring and updating) is delegated to the divisional management teams within the Shipbroking, Technical and Logistics divisions. In addition, we gather specific expertise on specialist areas such as insurance, IT, human resources and treasury which are all fed into the risk monitoring process. The Company takes measures to mitigate risk, including maintaining appropriate insurance protection.

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.

The Group operates an internal system of checks and authorisations and independent audits are conducted in relation to the ISO 9001:2000 certification held by Cory Brothers Shipping Agency Limited, Braemar Response Limited, Braemar Technical Services (Engineering) Ltd and Braemar Technical Services (Offshore). Safety of our people is one of our seven core values which is explained on pages 24 and 25 in the Resources and Relationships section.

Corporate risk framework



The Group's whistleblowing procedure is referred to in Resources and Relationships under Risk.

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

By their nature, event-based risks will vary in likelihood and impact. "Heat maps" are used as a method to evaluate collectively the extent of all risks within a similar categorisation or certain profile and to illustrate the effectiveness of our mitigation of a single risk by capturing the gross and current (net of mitigation controls) position of each individual risk.

These are then aggregated and reviewed to assess their impact on Group business model and strategy and the resources required to ensure they are managed effectively. The divisional management boards and the Corporate Risk Team, which includes the Chief Executive and Group Finance Director, monitor these risks regularly and considers its appetite and tolerance for them in the light of their potential impact on the Group.

Each of the principal risks are split into the following categories:

- Staff and cost structure
- Commercial, worldwide and external forces
- Financial
- Professional conduct
- IT and communications

Principal risks are aggregated, together with associated issues or areas of uncertainty, the extent of control/mitigation and potential for material effect on the market value of the Group, then assessed. By definition unmitigated risks can be significant but the risk levels fall after taking account of our control processes and management actions.

The resulting principal risks and uncertainties are summarised below in the Risk Register table.

The colour coding defines the major risks into three broad bands of risk both before and after our mitigating actions.

+ Potential significant impact on market value of the Group

+ Potential material impact on market value of the Group

+ Potential minor impact on market value of the Group

Principal risks

STAFF AND COST STRUCTURE

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation	
KEY STAFF Succession/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 managed to ensure it is suitable for the whole Group	Pre +	Post +
STAFF RETENTION 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	Develop a culture of loyalty and growth with a focus on staff development and team motivation Market-competitive remuneration packages Market-competitive bonus structure Ongoing equity based awards Staff contractual terms	Continue development of a culture of loyalty/growth as well as maintaining competitive remuneration packages	Pre +	Post +

PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

Principal risks

COMMERCIAL, WORLDWIDE AND EXTERNAL FORCES

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
DOWNTURN IN MARKET CONDITIONS All our businesses are subject to global forces where each market has its own drivers	A downturn in the world economy would result in lower activity and lower rates	The Group's strategy of diversification on a sector and geographic basis Ongoing management of cost base based on current and foreseeable market conditions	Continued monitoring to ensure that appropriately structured and costed teams are located across all divisions and geographies Implement restructuring programmes as required (such as recent actions taken in the Technical division)	Pre + Post +
COMPETITION Ongoing risk of increased competition across all our businesses	Existing competitors either poaching teams and/or cutting rates The risk of new market entrants cutting prices in order to win clients and gain market share The impact on the market that business mergers may have, either in respect of competitors or in respect of clients Changes in insurance market conditions away from a London market to local instructions	Retaining high-calibre teams and 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	Pre + Post +

FINANCIAL

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
CURRENCY EXPOSURE A considerable amount of our income is earned from US$ denominated transactions, while most of our costs are in GBP, Sing$ and Aus$	The Group remains exposed to US$ fluctuation	FX movements are monitored and foreign exchange hedging is in place over a rolling twelve-month period	Ongoing application of the Group Treasury Policy Adapting hedging arrangements to provide more flexibility whilst maintaining appropriate protection against downside risk Continue to strengthen the link between Group Treasurer and divisional finance teams	Pre + Post +
LIQUIDITY RISK AND CONTROL OF WORKING CAPITAL The Group generates profits and maintains a dividend policy. However, the profile of profit and cash generation varies over time and across divisions and geographies	All divisions have seen changes in business and working capital requirements Debt collection and our exposure continue to be critical across the Group All borrowing facilities are with one UK financial institution whilst significant amount of funds held outside UK, mostly in Asia Pacific On-going repatriation of funds to the UK to enable the Group to operate within its banking covenants	Continued working capital monitoring across the Group. Senior management intervention to assist in recovery of debtors Maintenance of a Treasury management system on a Group-wide basis to monitor cash positions worldwide and co-ordination cash repatriations back of to the UK	Continued focus on cash collection in all divisions Continued operation of the Group Treasury Policy Regular cash repatriations to reduce Group borrowings and fund dividends Ongoing implementation of the HSBC global pooling capability in the UK and Singapore	Pre + Post +

Principal risks

PROFESSIONAL CONDUCT

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation	
				Pre	Post
REPUTATIONAL RISK Damage to the Braemar corporate brand due to a professional error/mistake Non-compliance with the Bribery Act & Modern Slavery Act Inadvertent dealing with sanctioned companies/ countries	The Braemar brand could be damaged and business lost Potential impact across the Group through cross-division or geographic contamination following a local error/mistake	Ongoing emphasis upon Group compliance and risk No part of the Group is so significant or remote that senior management are unaware of actions of their staff Senior management carry out regular site visits Internal audit visits completed on a regular cycle	Continue close management monitoring of activities of all staff through the internal control framework (Braemar Management Framework) to manage key risks, including: – Financial risks – Operational risks – Legislative risks – Reputational risks	+	+
CLAIMS FROM ERRORS AND OMISSIONS All divisions deal with high-value client assets so any error could result in a loss and potentially 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	Maintain insurance cover whilst continuing ongoing corporate review to ensure most appropriate and efficient structures and processes are in place	+	+

IT AND COMMUNICATIONS

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation	
				Pre	Post
LOSS OF IT SERVICE Loss of critical services and/or data resulting in the business being unable to operate for an extended period of time leading to reputational issues, loss of revenue and inability to pay suppliers and staff	Deliberate cyber-attack causing major interruption to IT and communications services Opportunist attacks that affect the organisation due to poor security or employee awareness, malware or virus attacks	Security protection Disaster recovery services Offsite data backups Security awareness training	Continued improvement in IT systems to improve security, regularly complete penetration testing and strengthen staff awareness of risk	+	+
CYBER CRIME Cyber crime resulting in a denial of service or where unauthorised access to Braemar's systems leads to a potential loss of revenue	Potential fraud, impact on reputation, loss of services	Archiving solutions exist so lost data can be recovered Personal archives Key emails and post-deal information retained in multiple systems	Improvement to the mail gateway with a best-of-breed solution Implementation of a global archiving solution for emails for agreed retention periods	+	+

Internal audit

The Group's internal audit function is explained in the Corporate Governance section on page 34 and follows a risk-based review process taking into account the results of the Group's annual risk assessment.

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 next twelve months and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Viability statement

In accordance with the UK Corporate Governance Code ("the Code"), the Directors have assessed the prospects of the Group over a period of three years, which they believe is an appropriate period based on the Group's current financial position, budgets and forecasts, strategy, principal risks and exposure to potentially volatile market forces. The Directors, in conjunction with the Group Finance Team, have completed a robust testing of this assessment and, taking account of this, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

The Directors' testing of the assessment included a review of the financial impact of significant adverse scenarios, including severe downside cases resulting from significant declines in Group profitability that could threaten the viability of the Group together with the likely effectiveness of the potential mitigations that management reasonably believes would be available to the Group over this period. Under these scenarios, the Group would be able to continue to operate within its banking facilities and covenants.

In assessing the prospects of the Group, the Directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

	DAVID MOORHOUSE CBE, FNI (70) Chairman of the Board and Nominations Committee	ALASTAIR FARLEY (71) Non-executive Director, Senior Independent Director and Chairman of the Audit Committee	JÜRGEN BREUER (51) Non-executive Director and Chairman of the Remuneration Committee
			
Committee memberships	Chairman of the Nominations Committee.	Chairman of the Audit Committee, member of the Nominations and Remuneration Committees.	Chairman of the Remuneration Committee, member of the Nominations and Audit 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.	Qualified solicitor and a founding partner of Watson Farley & Williams LLP, a firm of international lawyers, and senior partner from 1982 to 1999. Formerly a non-executive director and chairman of the Audit Committee of Close Brothers Group plc.	Formerly at Société Génerale, 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	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.	Director of Gyroscopic Fund Limited and senior adviser to Chandris Group.	Baltic Bau companies and Heinrich-Heine-Garten Binz GmbH.

EXECUTIVE DIRECTORS

	MARK TRACEY (53) Non-executive Director	JAMES KIDWELL FCA (55) Chief Executive	LOUISE EVANS FCA (43) Group Finance Director
			
Committee memberships	Member of the Audit, Nominations and Remuneration Committees.		
Background and relevant experience	Around 30 years' experience in the healthcare industry from Paribas (1987 to 1991) and Goldman Sachs (1992 to 2008) 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.	Chartered accountant. Formerly finance director of Boosey & Hawkes Music Publishers Limited and group financial controller of Carlton Communications plc. Group Finance Director of Braemar Shipping Services plc from 2002 until his appointment as Chief Executive in June 2012.	Qualified as a chartered accountant with Ernst & Young. Formerly group finance director of Williams Grand Prix Holdings plc and divisional finance director of RPS Group plc. She joined the Board of Braemar Shipping Services plc in 2015.
Current external appointments	Arkle Associates LLP.	None.	Trustee treasurer of Fertility Network UK (a registered charity).

CORPORATE GOVERNANCE STATEMENT

Chairman's introduction

David Moorhouse CBE
Chairman

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. This statement, together with the Directors' Remuneration Report on pages 38 to 50, describes how the Board and its sub-committees operate and how the Company has applied the Code during the year ended 28 February 2017.

David Moorhouse CBE, FNI
Chairman
9 May 2017

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 2016/17: 9

	Attended
Non-executive Directors	
David Moorhouse CBE	9/9
Jürgen Breuer	9/9
Alastair Farley	9/9
Mark Tracey	9/9
Executive Directors	
Louise Evans	9/9
James Kidwell	9/9

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 twelve years (the latter two of which have been as Independent Chairman). The Board considers that he remains wholly independent in character and judgment, with no relationships or circumstances that are otherwise likely to affect or appear to affect his judgment. He has brought to the Board wide knowledge and experience in many relevant industries and provides the Board with valuable leadership that cannot be easily replicated. For these reasons, the Board is satisfied that his long service is not an impediment to him continuing in his current role as Independent Chairman.

The UK Corporate Governance Code is publicly available on the Financial Reporting Council's website at: www.frc.org.uk.

LEADERSHIP

The Board

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

The Board comprises an independent non-executive Chairman, a Chief Executive, a Group Finance Director and three independent non-executive Directors. The Board believes this composition is appropriate for 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 subject to annual re-election at the Annual General Meeting. David Moorhouse CBE chairs the Board and Nominations Committee; Alastair Farley is the Senior Independent non-executive Director and chairs the Audit Committee and Jürgen Breuer chairs the Remuneration Committee.

The Board met nine times during the year and the attendance by the Directors is set out on the previous page. Board meetings include reviews of financial and business performance and consideration and monitoring of business risks and opportunities. Following a review of Group wide management structure and approval procedures during the year, the following matters were specifically reserved for the Board's consideration:

- Group strategy;
- Group budget;
- Group policies;
- Group-level controls;
- monitoring the performance of the Executive Committee;
- ensure compliance with all regulations;
- establish and monitor Board sub-committees;
- review Group risks;
- appointment of key advisers.

On an ongoing basis, the Board receives reports on business activities from members of the Executive Committee and other senior management.

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 35, 37 and 38, respectively. The Remuneration Committee Report on pages 38 to 50 is incorporated into this Statement by reference.

The Group also has an Executive Committee which comprises the Chief Executive, Group Finance Director and the heads of each of the three operating divisions. The committee meets at regular intervals during the year and has responsibility for:

- maximising the potential of all Group businesses and Group initiatives;
- proposal of Group strategy to the plc Board;
- proposal of Group budgets to the plc Board;
- review of acquisitions/disposals for submission to the Group Board;
- consideration of approach with clients;
- agreement of sub-delegation of authorities to divisional boards;
- ensuring appropriate application of standards of health, safety and environmental care;
- ensure ethical standards are effectively applied and reported; and
- review and propose to the plc board business activity outside the delegated authority limits.

EFFECTIVENESS

In February 2016, the Board engaged an independent specialist to carry out a review of the performance of the Board and its Committees against the framework of Board effectiveness produced by the FRC. Directors and the Company Secretary were interviewed and Board and Committee papers were reviewed. The anonymity of all respondents was ensured throughout the process and the results were discussed with the Chairman and then presented to the Board. The review concluded that the Board and its Committees are effective and demonstrate an appropriate level of governance for the size of the Company.

The Company Secretary is responsible for ensuring all Board members and the Executive Committee are kept up to date on governance matters to enable them to carry out their roles effectively and arranges training where appropriate.

Under the Company's Articles of Association, the Directors should submit themselves for re-election every three years. In accordance with the Code, all Directors now retire annually and as such will seek re-election by shareholders at this year's AGM.

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 pages 52 and 53.

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. It carries out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. 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 which 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

CORPORATE GOVERNANCE STATEMENT

CONTINUED

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 the consolidated financial statements.

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 on pages 26 to 29.

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 by divisional management and through internal auditing. A programme of internal training is carried out to ensure that Group staff are aware of these policies and understand how they relate to Group business. On a twice-yearly 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 coordinated for the Audit Committee by the Group Compliance Officer who presents the Group internal audit plan and resulting internal audit reports. 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.

During the year, the internal audit programme was revised. In previous years, the programme was carried out on a cyclical basis to ensure every office in the Group was visited once every three or four years irrespective of size. This resulted in approximately ten visits per year across the Group. The revised programme has adopted a risk-based strategy and takes the following approach:

- the operational head and the financial head of each business unit are required to confirm that the results of their business are accurate; that the stated levels of debtors and accrued income are recoverable and adequate provision is made for uncollectable amounts; and that the business complies with the Group's position on the UK Bribery Act and there have been no breaches of application sanctions – this confirmation is provided on a twice-yearly basis;
- each of the main geographical office hubs of the Group (London, Singapore, Houston and Melbourne) were visited during the year and the visits covered all divisional functions in those locations to ensure key Group risks are fully understood by local management and risk-mitigating measures are in place where appropriate. The key risks reviewed included terms and conditions with customers and suppliers; material contracts; treasury and Group policy compliance; IT risks; and local insurance cover;
- a control self-assessment questionnaire was circulated to all Group entities and completed to ensure adequate controls are in place. All returns were discussed with each of the senior divisional management; and
- detailed internal audit testing was also carried out at a selected number of operating units.

Under the revised programme, a total of 15 visits were undertaken during 2016/17 by senior members of the Finance Team who carry out an internal audit of the Group's activities for which they have no managerial responsibility. Any risks identified in the course of the visits were classified under one of three categories:

1) significant and requiring immediate action,
2) material and requiring prompt action, or
3) notable and requiring attention

All risks identified as a category 1) or 2) were reviewed as a matter of urgency and any risks classified as a category 3) are addressed to an agreed timescale.

This internal audit approach will continue in 2017/18 with 19 reviews scheduled to take place.

Shareholder relations

The Board recognise the importance of maintaining good communications with shareholders. The Group pursues an active investor relations programme conducted primarily through regular meetings of the Chief Executive and Group Finance Director with existing and potential investors following both the interim and preliminary announcements of the full year 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, especially that which is potentially price-sensitive, is released to all shareholders at the same time in accordance with applicable legal and regulatory requirements including the Market Abuse Regulations which came into force in July 2016.

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.

Report of the Audit Committee

Alastair Farley
Chairman of the Audit Committee

Number of meetings in 2016/17: 4

	Attended
Alastair Farley	4/4
Mark Tracey	4/4
Jürgen Breuer	4/4

Non-executive Director:
Alastair Farley (Chairman), Mark Tracey, Jürgen Breuer.

Terms of reference
The Committee's terms of reference can be found on our website www.braemar.com.

Key function and responsibilities

The key function of 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; advising on the suitability of accounting policies, such as the use of estimates and critical judgements; and considering the implications of forthcoming changes in accounting standards.

– Internal control and risk management: reviewing internal control procedures and ensuring a robust 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 auditor 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; monitoring the ongoing effectiveness of the external auditor; and monitoring any non-audit services undertaken together with the level of non-audit fees.

CORPORATE GOVERNANCE STATEMENT

REPORT OF THE AUDIT COMMITTEE CONTINUED

Our meetings are attended, by invitation, by the Chairman of the Board, the Group Chief Executive, the Group Finance Director, the Company Secretary, the Group Treasurer and Compliance Officer, Group Head of IT 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 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 2017, 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 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 ended 28 February 2017 were:

- the assumptions underlying the testing for impairment of the Group's goodwill and all intangible assets. The Committee reviewed the results of the Group's annual review for impairment of goodwill which showed that there is no impairment and after considering reasonable stress testing concluded that significant headroom existed;
- the basis of revenue recognition policy where the Group's entitlement to revenue is dependent on completion of third parties' obligations. The Committee has considered the approach taken and the policy applied and concluded that there are no material variances at 28 February 2017; and
- the level of provision for the impairment of trade receivable balances. The policy of providing for trade receivables was reviewed during the year with reference to the payment profiles of our clients in the different industries in which we operate. The Group's policy for providing for the impairment of trade receivables remains unchanged. However, the application of the policy has been updated to suit the payment profiles of the clients in each of our businesses. A provision for impairment will always be made when there is a risk of non-recovery and we have not made a provision for impairment where there is compelling evidence not to do so. The policy and its application will be reviewed annually to ensure they remain appropriate for the prevailing business and economic climate.

Other areas

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

- the level of accrued income held for contracts partially complete where judgement is required to ensure that an appropriate level of revenue has been recognised at the balance sheet date, with particular focus on non UK Shipbroking and Engineering business units;
- the Group's revised internal audit programme, detailed above, to take a risk-based approach derived from the annual risk assessment process and control self-assessments carried out by individual business units. The updated approach has increased the number of business units visited this year compared to the previous year with all hub offices being visited in the year. A more detailed summary of internal audit is described on page 34;
- a review of the Group's IT strategy and approach to cyber security including risk of data loss, back-up and service reinstatement procedures, standardised infrastructure environments and remote staff working protocols;
- a review of Group-wide insurance coverage taking account of the variety of professional services provided by the three divisions;
- consideration of the requirements to assess and report on Group viability in accordance with the UK Corporate Governance Code;
- a review of the Group's anti-bribery and corruption procedures as well as the Group's approach to complying with international sanctions. The ongoing training programme that is provided to staff across the Group on all relevant legislation and compliance is an ongoing process and we continue to develop this education plan. This plan is supported by our intranet-based Braemar Management Framework which underpins this as well as other core Group controls;
- 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. We will have to put the audit out for tender by 2020 and are considering the exact timing of this;
- reviewing the level of audit fees in comparison to the total fees paid to the auditors for non-audit work and reviewing the policy for the approval of non-audit services. This year the audit fee represents 93% of the total fees and we consider the current level of audit fees acceptable. KPMG LLP have confirmed they consider themselves independent;
- ongoing review of the Group Treasury Policy and the management of the Group debt facilities; and
- 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 a lower number of employees.

Alastair Farley
On behalf of the Audit Committee
9 May 2017

Report of the Nominations Committee

David Moorhouse CBE
Chairman of the Nominations Committee

There were no Nominations Committee meetings held during the year

Non-executive Directors:
David Moorhouse CBE (Chairman), Alastair Farley, Mark Tracey, Jürgen Breuer.

Terms of reference

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

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

Succession planning

Our succession planning has two key responsibilities, firstly to ensure that the Group is managed by executives with the necessary skills, experience and knowledge; and secondly to ensure that the Board has the right balance of individuals to be able to discharge its responsibilities effectively. As part of the 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.

The Committee is currently considering succession planning for the Audit Committee chair. The Committee has appointed Korn Ferry to advise on this process and to assist in identifying potential candidates for the role. The process is ongoing and is expected to be completed during the first half of 2017/18.

The Committee also keeps under review the senior roles within the Group to monitor whether there is appropriate cover in place in the event that an individual leaves the organisation and whether there is a permanent replacement available within the organisation or whether the position will need to be filled externally.

Diversity

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

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

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

David Moorhouse CBE
On behalf of the Nominations Committee
9 May 2017

DIRECTORS' REMUNERATION REPORT

Annual Statement by the Chairman of the Remuneration Committee

Jürgen Breuer
Chairman of the Remuneration Committee

Number of meetings in 2016/17: 4

	Attended
Jürgen Breuer	4/4
Alastair Farley	4/4
Mark Tracey	4/4

Non-executive Directors:
Jürgen Breuer (Chairman), Alastair Farley and Mark Tracey.

Our remuneration philosophy

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

- Market competitive. 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. The structures and quantum of our remuneration arrangements must be sufficient to allow us to compete in the highly competitive global talent markets. At the same time, we should seek to pay no more than is necessary.
- Simple and transparent. Our executive remuneration structures should be clear, understandable and motivating 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 for those below the main Board directly engaged in broking activities.
- Aligned to shareholders. We align long-term reward with the long-term value of our shares through share ownership guidelines and share-based remuneration.

Renewal of our Remuneration Policy

Our current Remuneration Policy was approved by shareholders at our 2014 AGM. In line with the three-year cycle set out in the remuneration reporting regulations, we will be seeking shareholder approval again at the 2017 AGM. The Remuneration Policy for approval is set out on pages 40 to 45 of this report.

Ahead of the renewal of the Policy, the Committee reviewed the framework and concluded that it remained appropriate in the context of the philosophy described above.

The only proposed change is to introduce a holding period into the LTIP, in line with best practice. For LTIP awards in 2017 and beyond, vested awards will be subject to a two year holding period such that the total period between grant and release of vested shares will be five years.

We are proposing no other material changes to the Policy which we believe is well aligned to the strategy and to key best practice principles in the UK. There are no changes to incentive opportunities. In summary, therefore, the framework includes:

- market-competitive base salary;
- a maximum annual bonus of 100% of salary, subject to stretching performance targets and one third deferred for three years;
- an LTIP award of 100% of salary based on stretching long-term earnings per share (EPS) targets. Vested awards are subject to a two year holding period;
- clawback provisions on all incentive elements;
- shareholding guidelines of 100% of salary.

We have removed the Brokers' Bonus (i.e. an uncapped profit sharing arrangement for those directly involved in broking activities based on established custom and practice in the sector) from the policy table in the new Policy as no current executive Directors participate. However, should a Director be appointed to engage in broking activities, the Policy would allow such a framework to be used.

Incentive outcomes for 2016/17

- James Kidwell and Louise Evans participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of their basic salary. For 2016/17, the Committee decided that the performance metric should be attributable to earnings per share. 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 8.73 pence adjusted to exclude exceptional items and amortisation of intangible assets have been used for the performance assessment and did not exceed the minimum threshold and as a result there is no annual bonus attributable for 2016/17.

- Based on performance over the three years ending 28 February 2017, the LTIP awards made in August 2014 did not meet the minimum performance condition over the three-year vesting period and will therefore lapse in August 2017.

Approach to 2017/18

- The Committee believes the executive Directors' remuneration is appropriate to their roles and does not intend to make changes to salary, pension or incentive opportunities for the coming year.
- LTIP awards equivalent to 100% of basic salary will be granted to James Kidwell and Louise Evans. These awards will vest by reference to the EPS achieved in the 2019/20 financial year (the final year of the performance period for this award). Threshold vesting (25% of the maximum) will occur for EPS of 30 pence while maximum vesting will require EPS of 40p. The Committee believes these targets are appropriately stretching in the context of the trading environment and are set significantly in excess of current market expectations.

Structure of the report

The report has been prepared in two sections:

1) the Remuneration Policy (pages 40 to 45). This includes the Remuneration Policy which will apply from the date of the 2017 AGM, and will be put to a binding shareholder vote at the 2017 AGM; and

2) the Annual Report on Remuneration (pages 46 to 50) which sets out the details of how our Remuneration Policy was implemented during 2016/17 and how it will be implemented in 2017/18. This will be put to an advisory shareholder vote at our 2017 AGM.

Jürgen Breuer
Chairman, Remuneration Committee
9 May 2017

DIRECTORS' REMUNERATION REPORT

CONTINUED

Remuneration Policy

This part of the report sets out the Remuneration Policy (the "Policy") as determined by the Remuneration Committee (the "Committee"). This Policy will be subject to shareholder approval at the 2017 AGM and, subject to that approval, will become effective from that date.

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were agreed (i) before 4 July 2014 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

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

Changes from the previous Policy

The only material change to this Remuneration Policy, from the previous Policy approved by shareholders at the 2014 AGM, and as described in the Chairman's introductory statement, is the incorporation of a post vesting holding period into the LTIP.

Policy table for Executive Directors

BASE SALARY

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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 2017/18 are set out on page 46 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

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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, income protection insurance, and reimbursed business expenses (including any tax liability) incurred when travelling overseas in performance of duties. 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

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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.

ANNUAL BONUS

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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.	Executive Directors 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 under the Deferred Bonus Plan ("DBP"), described in more detail in the section below. Clawback provisions will also apply as explained on page 42.	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.

LONG-TERM INCENTIVE PLAN ("LTIP")

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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. Vested awards are subject to an additional holding period, which unless the Committee determines otherwise will run up to the fifth anniversary of the date of grant. All executive Directors are eligible to participate each year at the discretion of the Committee. Awards are subject to clawback provisions as described in more detail on page 42.	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 performance measures aligned to the strategy and shareholder value (currently earnings per share). 25% vests for threshold performance.

Awards under any of the Company's share plans referred to in this report may:

a) be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect;
b) have any performance conditions applicable to them amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy;
c) incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vests up to the time of vesting (or where the award is subject to a holding period, release). This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;
d) be settled in cash at the Committee's discretion; and
e) be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

DIRECTORS' REMUNERATION REPORT

CONTINUED

Bonus deferral

A portion of the Annual Bonus 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 41).

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.

Clawback

The Annual Bonus is subject to a clawback provision such that (i) in circumstances of a material restatement 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 cash received.

Under the DBP and the LTIP, the Committee may reduce the number of shares subject to unvested awards and/or impose further conditions on unvested awards in certain circumstances which include:

- a material restatement 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.

The Committee may also clawback vested LTIP awards in circumstances where there is a material restatement 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.

Performance measures and target setting

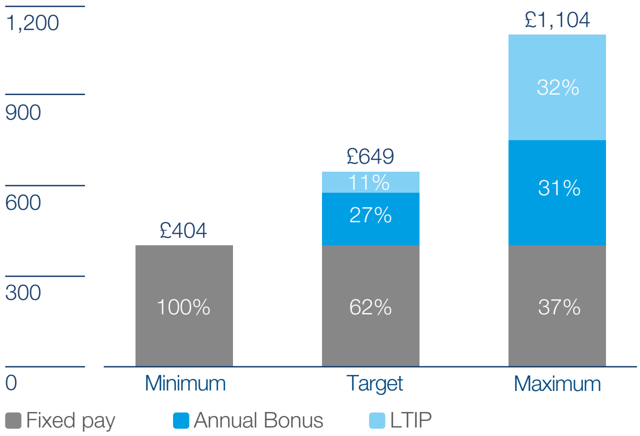
The Annual Bonus is normally based largely on the financial performance of the Group during the year. When setting the financial performance targets each year, the Committee considers a number of factors including the Board's business plan, the relative strength and cyclical nature of the shipping markets, as well as the outlook for the less cyclical non-broking businesses. As set out in the Policy table, the Annual Bonus may also include, where appropriate, targets to reflect Group strategic or operational objectives, specific subsidiary or divisional objectives, or individual objectives. Targets in these areas will be appropriately stretching and aligned to delivery of the Group business plan and strategy. Performance measures and targets for the LTIP are determined by the Committee to reflect the Group's strategy and to align Executive Directors with long-term value creation for shareholders. The Committee sets long-term performance targets which require appropriately stretching levels of performance, taking into account internal and external expectations. Under the LTIP rules, performance conditions may be amended or varied if an event occurs or circumstances arise which cause the Committee, acting fairly and reasonably, to determine that an amended performance condition would be more appropriate provided that the amended performance condition would be materially neither more difficult nor easier to satisfy.

Illustration of the Remuneration Policy

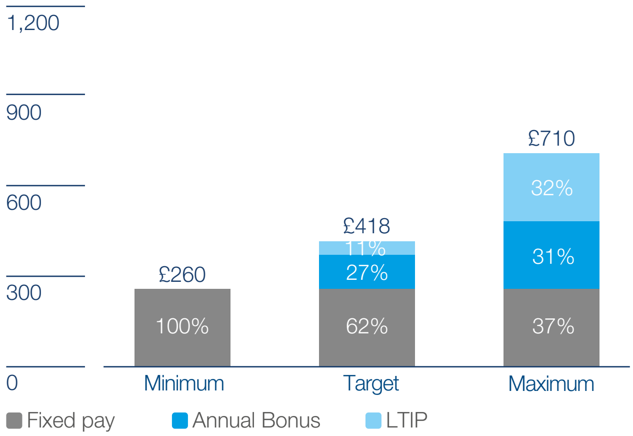
The charts below illustrate the potential value of the remuneration packages of the executive Directors under the following scenarios (no share price growth is assumed):

- Minimum – reflects fixed pay only (base salary and pension as at 1 March 2017 and benefits included using the disclosed values for the year ending February 2017).
- Target – reflects fixed pay, Annual Bonus payout of 50% of maximum (i.e. 50% of salary) and LTIP vesting at threshold (i.e. 20% of salary).
- Maximum – reflects fixed pay, maximum Annual Bonus (100% of salary) and maximum LTIP awards (100% of salary).

Chief Executive Officer (James Kidwell) (£'000)



Finance Director (Louise Evans) (£'000)



POLICY TABLE FOR CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Purpose and link to strategy	Operation	Maximum opportunity
To provide market appropriate fees to recruit and retain individuals of the calibre to deliver the strategy.	The remuneration of the Chairman is determined by the Committee and the remuneration of the non-executive Directors is determined by the Board (excluding the non-executive Directors). Fees are normally reviewed on an annual basis. The Chairman receives a single fee encompassing all duties. Non-executive Directors receive a basic fee and may also receive additional fees for Committee or other Board duties. Fees are payable in cash, although the Company may retain the right to make payment in shares. Expenses reasonably incurred in the performance of the role may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the benefits. The Chairman and non-executive Directors do not participate in any of the Group's bonus arrangements, share plans or pension schemes.	While there is no maximum fee level, fees are set considering: – market practice for comparative roles; – the time commitment and duties involved; and – the requirement to attract and retain the quality of individuals required by the Company.

Approach to recruitment remuneration

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

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

DIRECTORS' REMUNERATION REPORT

CONTINUED

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

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

Where an appointed executive Director will undertake broking activities, they may, at the discretion of the Committee, be eligible to participate in the Brokers' Bonus arrangements (instead of the normal Annual Bonus referred to in the Policy table). 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. In line with market practice for the Company's peers, there is no cap on individual Brokers' Bonus awards, however the aggregate Brokers' Bonus "pool" for all employees across the Group is funded by broking profitability, and therefore any amount is capped by the profits generated by broking activities. A portion of the Brokers' Bonus will be deferred into shares, subject to the clawback provisions, under the DBP.

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

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

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

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

Service contracts and letters of appointment

The current executive Directors have rolling service contracts that provide for a notice period by either party. The notice period ranges between 6-12 months. 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 agreements, subject to annual re-election at the Annual General Meeting. 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 2017
Executive		
James Kidwell	20 June 2012	12 months
Louise Evans	5 May 2015	6 months
Non-executive		
David Moorhouse CBE	4 July 2014	1 month
Alastair Farley	4 July 2014	1 month
Jürgen Breuer	25 July 2014	1 month
Mark Tracey	25 July 2014	1 month

Loss of office payment policy

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

In the event of termination, the following will apply:

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

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

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

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include, but are not limited to, paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

Remuneration arrangements across the Group

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

Remuneration arrangements must be capable of attracting, retaining and engaging the calibre of talent needed to deliver the strategy in the specific talent markets in which the Group competes. The involvement of employees in the Group's performance is encouraged through participation in incentive plans, appropriate for the markets in which the Group operates. In particular, our shipbrokers, including any relevant executive Directors, may participate in profit sharing arrangements which reflect market practice in industry peers. Alignment with shareholders through share ownership is widely encouraged through participation in share-based incentive schemes, including both UK and International SAYE schemes. Braemar employees currently hold approximately 25% of the Company's shares.

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

Consideration of shareholder views

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

DIRECTORS' REMUNERATION REPORT

CONTINUED

Annual Remuneration Report

Implementation of the Policy for 2017/18

This section sets out details of how the Committee intends to apply the Policy to the current executive Directors in the 2017/18 financial year.

Base salary

The base salaries for the current executive Directors are shown below.

	2017/18 £'000	**2016/17 £'000**	Change
James Kidwell	350	**350**	0%
Louise Evans	225	**225**	0%

Annual Bonus

The Annual Bonus for James Kidwell and Louise Evans will be based on a weighted combination of performance measures linked to the achievement of Group strategy and operational objectives for the year. The majority of the Annual Bonus will be based on Group financial performance.

LTIP

LTIP awards to James Kidwell and Louise Evans in 2017/18 will be made at the level of 100% of salary. These will vest by reference to the EPS achieved in the 2019/20 financial year (the final year of the performance period for this award).

EPS achieved in the financial year 2019/20	Vesting
Below 30p	0%
30p	25%
40p or above	100%

Vesting between the points above is on a straight-line basis. Targets may be adjusted in the event of material earnings enhancing transactions.

In line with the Policy, any vested LTIP shares will be subject to a two year holding period.

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.

	2017/18 £'000	**2016/17 £'000**	Change
Chairman fee	120	**120**	0%
Non-executive Director fee	42.5	**42.5**	0%
Audit Committee Chair fee	10	**10**	0%
Remuneration Committee Chair fee	7.5	**7.5**	0%

Implementation in 2016/17

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2017. Those sections that have been audited have been identified below.

Single total figure of remuneration for 2016/17 (audited)

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2017. Those sections that have been audited have been identified below.

The remuneration of the executive Directors in respect of 2016/17 is shown in the table below (with the prior year comparative).

	Base salary		**Benefits(i)**		**Pension(ii)**		**Annual Bonus(iii)**		**LTIP(iv)**		**Total**	
£'000	**2016/17 £'000**	2015/16 £'000	**2016/17 £'000**	2015/16 £'000	**2016/17 £'000**	2015/16 £'000	**2016/17 £'000**	2015/16 £'000	**2016/17 £'000**	2015/16 £'000	**2016/17 £'000**	2015/16 £'000
James Kidwell	**350**	350	**2**	2	**52**	–	**–**	218	**–**	–	**404**	570
Louise Evans(v)	**225**	167	**1**	–	**34**	25	**–**	104	**–**	–	**260**	296

(i) Benefits include healthcare.
(ii) Pension includes the value of pension contributions to the Company's defined contribution pension scheme (or an equivalent cash allowance) in respect of the relevant year.
(iii) 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.
(iv) LTIP represents the value of the LTIP award which vests in respect of a performance period ending in the relevant financial year. The 2016/17 column shows a value of zero in respect of the 2014 LTIP award which lapsed in full as the performance targets measured to 2016/17 were not met. The 2015/16 column shows a value of zero as no LTIP award was granted in 2013.
(v) Louise Evans commenced employment with the Group on 5 May 2015 and was appointed to the Board on 24 June 2015. The 2015/16 amounts reflect her period of service from 5 May 2016.

The fees of the non-executive Directors in respect of 2016/17 are shown in the table below (with the prior year comparative).

	Fees	
	2016/17 £'000	2015/16 £'000
David Moorhouse CBE(i)	120	82
Alastair Farley	53	45
Jürgen Breuer(ii)	50	42
Mark Tracey	43	35

(i) Appointed as Chairman to the Board on 24 June 2015. The 2015/16 amounts reflect this.
(ii) Became Chairman of Remuneration Committee on 24 June 2015. The 2015/16 amounts reflect this.

Payments to past Directors (audited)
None.

Payments for loss of office (audited)
None.

Annual Bonus for 2016/17 (audited)
James Kidwell and Louise Evans participated in the annual performance-related bonus arrangements, with a maximum Annual Bonus opportunity of 100% of their basic salary. For 2016/17 the Committee decided that the performance metric should be attributable to earnings per share. 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 8.73 pence adjusted to exclude exceptional items and amortisation of intangible assets have been used for the performance assessment resulting in no Annual Bonus attributable for 2016/17.

2014 LTIP award – vesting in respect of 2016/17 (audited)
The 2014 LTIP awards were granted in August 2014 and were based on performance over the three-year performance period ending in 2016/17 against the EPS targets set when the award was granted, summarised in the table below. Based on the annual results to February 2017 the Committee determined that the 2014 LTIP awards did not meet the minimum performance condition over the three-year vesting period and therefore will lapse in August 2017.

EPS growth over the three years to 2016/17	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.

LTIP award – granted during 2016/17 (audited)
In June 2016 awards under the 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 2016–28 February 2019
Louise Evans	LTIP	100% of salary	25%	1 March 2016–28 February 2019

EPS growth over the three years to 2019/20	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 2017. This shows that James Kidwell has met the shareholding guideline. Louise Evans has yet to meet the guideline but was appointed in June 2015 and is therefore within the five-year timescale to meet the guideline.

	Number of shares beneficially held at 28 February 2017	Shareholding as % of salary[1]	Guideline met?
Executive Directors			
James Kidwell	174,575	139%	Yes
Louise Evans	7,811	10%	No
Non-executive Directors			
David Moorhouse CBE	49,351		
Alastair Farley	33,366		
Jürgen Breuer	51,000		
Mark Tracey	20,425		

1 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 2016/17.

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

	Awards held at 1 Mar 2016	Grant date	Share price on grant £	Granted	Exercised/ released	Lapsed	Awards held at 28 Feb 2017	Exercise price £	From	To
James Kidwell										
2015 SAYE	2,235	1 Aug 15	4.62	–	–	–	2,235	4.21	1 Aug 18	1 Feb 19
2014 LTIP	67,178	15 Aug 14	5.21	–	–	–	67,178	–	14 Aug 17	14 Aug 24
2015 LTIP	73,684	23 Jun 15	4.80	–	–	–	73,684	–	23 Jun 18	23 Jun 25
2016 LTIP	–	17 Jun 16	4.47	78,343	–	–	78,343	–	17 Jun 19	17 Jun 26
2013 DBP	17,440	14 May 13	3.93	–	(17,440)	–	–	–	14 May 16	14 May 23
2014 DBP	5,179	22 May 14	5.20	–	–	–	5,179	–	22 May 17	22 May 24
2015 DBP	12,923	22 Jun 15	4.75	–	–	–	12,923	–	22 Jun 18	22 Jun 25
2016 DBP	–	27 May 16	4.42	16,403	–	–	16,403	–	27 May 19	27 May 26
Louise Evans										
2015 LTIP	21,052	23 Jun 15	4.80	–	–	–	21,052	–	23 Jun 18	23 Jun 25
2016 LTIP	–	17 Jun 16	4.47	50,363	–	–	50,363	–	17 Jun 19	17 Jun 26
2016 DBP	–	27 May 16	4.42	7,811	–	–	7,811	–	27 May 19	27 May 26

The performance conditions attached to the LTIP awards are as follows: 2014, 2015 and 2016 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.

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 -100%. The equivalent figures for salary/benefits and bonus for all Group employees are 5% and -34%, respectively.

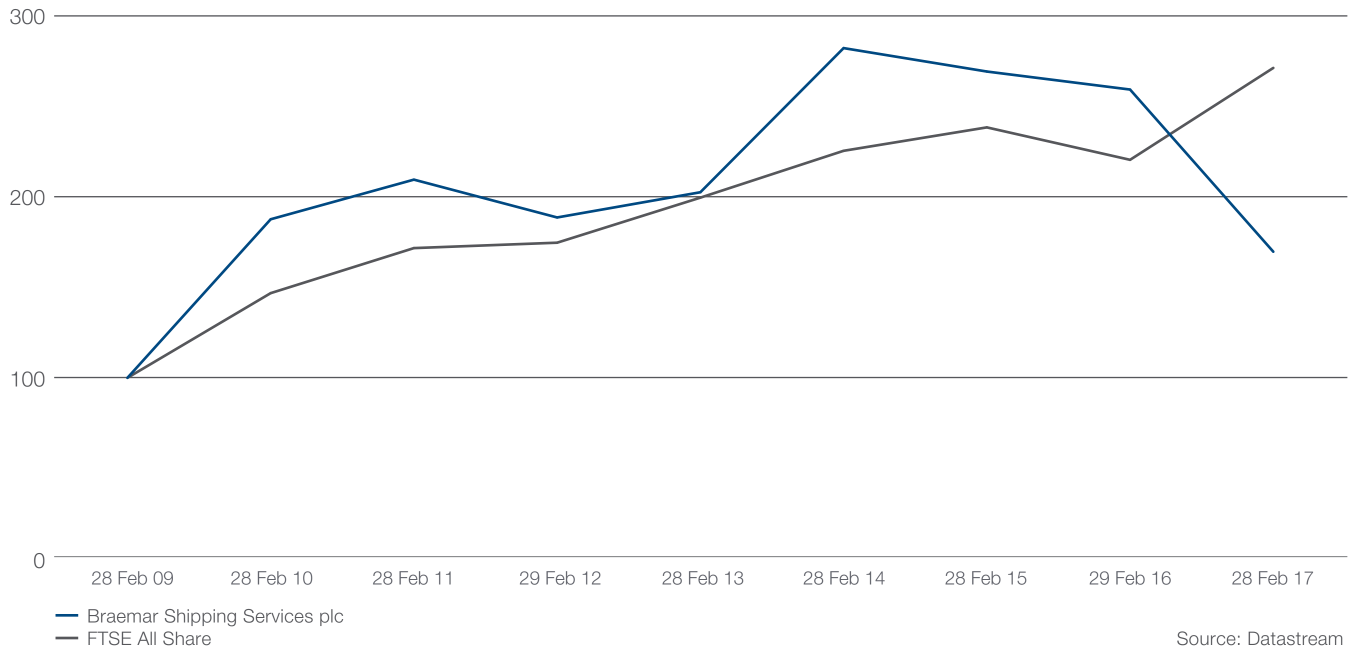
Relative importance of spend on pay

The chart below shows total employee remuneration and distributions to shareholders in respect of 2016/17 and 2015/16 (and the difference between the two).

	2016/17 £ million	2015/16 £ million	Change (%)
Total employee remuneration	**83.9**	86.5	(3%)
Distributions to shareholders	**7.9**	7.6	3%

Performance graph and table

The chart below shows Total Shareholder Return against the FTSE All-Share over the last eight years. The Committee believes the FTSE All-Share Index is the most appropriate index against which the Total Shareholder Return of Braemar should be measured.



Source: Datastream

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

CEO	2016/17 £'000 James Kidwell	2015/16 £'000 James Kidwell	2014/15 £'000 James Kidwell	2013/14 £'000 James Kidwell	2012/13 £'000 James Kidwell/ Alan Marsh(i)	2011/12 £'000 Alan Marsh	2010/11 £'000 Alan Marsh(i)	2009/10 £'000 Alan Marsh(i)
Single total figure of remuneration	**404**	570	549	438	662	550	846	888
Annual Bonus(ii) (% of base salary)	**0%**	60%	55%	23%	87%	9%	68%	77%
LTIP vesting (% of maximum)	**0%**	N/A(iii)	0%	0%	0%	N/A(iii)	N/A(iii)	100%

(i) 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.

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

(iii) No LTIP awards were made in 2008, 2009 and 2013 which would have vested in respect of performance to 2010/11, 2011/12 and 2015/16 respectively.

Consideration of Directors' remuneration – Remuneration Committee and advisers

The Remuneration Committee is comprised solely of non-executive Directors and comprises Jürgen Breuer as Chairman, Alastair Farley and Mark Tracey. 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 2015/16, the Committee took advice from the Chairman of the Board, the Chief Executive and the Finance Director 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 2015/16 in respect of the review of executive and non-executive Directors fixed remuneration and fees. Fees of £9,000 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.

DIRECTORS' REMUNERATION REPORT

CONTINUED

Statement of voting at Annual General Meeting

At the Annual General Meeting held on 30 June 2016, votes cast by proxy and at the meeting in respect of Directors' remuneration are shown in the following table.

	Votes for		Votes against		Total votes	Votes
Resolution	#	%	#	%	cast	withheld
Approval of Remuneration Report for year ending 29 February 2016	7,794,597	92.77	607,086	7.23	8,401,683	1,132,000

Jürgen Breuer
Chairman, Remuneration Committee
9 May 2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2017

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 21
– Likely future developments in the business of the Company or its subsidiaries on pages 1 to 21
– Greenhouse gas emissions on page 24
– Employee relations and equal opportunities on pages 22 to 25 and page 37
– Indication of branches outside the United Kingdom in About us on page 3
– Corporate Governance Statement on pages 32 to 37.

Management Report

This Directors' Report, on pages 51 to 53, together with the Strategic Report on pages 1 to 29, 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 (2016: £nil).

Share capital and voting rights

During the year ended 28 February 2017 the Company issued 59,832 (2016: 130,609) new shares pursuant to the exercise of employee share options.

At 28 February 2017 the total issued ordinary share capital was 30,173,759 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 Company is authorised to make market purchases of the Company's ordinary shares under an authority granted by the shareholders at the Annual General Meeting held on 30 June 2016. This authority expires at the conclusion of the next Annual General Meeting. During the year, the Company purchased no (2016: nil) ordinary shares using this authority.

The Directors will seek the renewal of this authority at the 2017 Annual General Meeting in Resolution 16 in accordance with the Company's Articles of Association. In accordance with ABI Investor Protection Guidelines, the maximum number of ordinary shares which may be acquired is 10% of the Company's issued ordinary shares. 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.

Options and ESOP Trust

The total number of options to subscribe for shares that were outstanding as at 9 May 2017 was 279,290, being 0.9% of the issued share capital. If the options to subscribe for shares are used in full, the proportion of issued share capital represented by this number of options would amount to 1.0%.

150,000 shares (2016: 100,000) were purchased by the ESOP Trust during the year ended 28 February 2017. SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust entered into a trading plan with the Company, which has run from 6 March 2017 to 9 May 2017, to acquire ordinary shares in the Company for the ESOP. The Trustee had absolute discretion and independence in respect of any trading decisions it made in respect of the purchase of ordinary shares pursuant to the trading plan. During this period the Trustee purchased 250,000 shares in the Company. At 9 May 2017 the ESOP holds 786,386 shares.

DIRECTORS' REPORT

CONTINUED

Directors and their interests

The Directors of the Company during the year and at the date of this report are shown on pages 30 and 31.

The Directors' beneficial interests in the ordinary shares and options of the Company at 28 February 2017 are disclosed in the Directors' Remuneration Report on page 48.

The Directors, in common with other employees of the Group, also have an interest in 541,440 (2016: 634,788) ordinary 10 pence shares held by SG Kleinwort Hambros Trust Company (CI) Ltd on behalf of the Employee Share Ownership Plan and in 115,683 (2016: 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 2017 and 9 May 2017.

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 2017, the Directors have been notified of the following persons who directly or indirectly are interested in 3% or more of the issued ordinary share capital of the Company.

Charles Stanley & Co	6.57%
Hargreaves Lansdown	5.53%
Chelverton Asset Management	5.47%
Barclays Stockbrokers Limited	5.42%
JM Finn & Co	4.35%
Quentin Soanes	4.06%
Alan Marsh	3.25%
TD Direct Investing	3.25%

Information provided to the Company pursuant to the 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 pages 33 and 34 and in the Strategic Report on pages 26 to 29.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 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 30 and 31 confirm that, to the best of their knowledge:

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

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

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

Directors' approval statement

The Strategic Report, as set out on pages 1 to 29, has been reviewed and approved by our Board of Directors.

Reappointment of the auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The 2017 Annual General Meeting of the Company will be held at 2pm on 22 June 2017 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

Alexander Vane FCA
Company Secretary
9 May 2017

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 2017 set out on pages 57 to 94. 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 2017 and of the group's loss 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, in decreasing order of audit significance that had the greatest effect on our audit were as follows:

(A) RECOGNITION OF SHIPBROKING REVENUE – £63,132,000 (2016: £70,699,000) RISK VS 2016:

The risk	Our response
Refer to page 36 of the Audit Committee Report, note 1(d) of the accounting policies and note 2 to the financial statements. The Group's Shipbroking division recognises commission revenue at a date which is dependent upon the completion of certain actions in the contract by two or more independent third parties. Braemar has little control over when and if these parties fulfill their contractual obligations. Judgement is therefore required as to whether and when the third parties' obligations have been fulfilled in order for commission revenue to be recognised in the appropriate period and therefore whether inclusion of revenue in the appropriate period has been appropriately applied.	Our procedures included, but were not limited to: – we agreed the details of a sample of Shipbroking transactions to the underlying contract and other supporting documentation for evidence of when both the third parties and the Group fulfilled their performance obligations; – for each type of Shipbroking transaction, we traced the same sample of transactions to the accounting records to determine whether the associated revenue was appropriately recognised in the correct period in accordance with the underlying documentation and the Group's accounting policies; – assessed whether the Group's revenue disclosures are appropriate and in accordance with relevant accounting standards.

(B) RECOVERABILITY OF TRADE RECEIVABLES AND ACCRUED INCOME – £49,084,000 (2016: £50,916,000) RISK VS 2016

The risk	Our response
Refer to page 36 of the Audit Committee Report, note 1(c) and 1(k) of the accounting policies and note 18 to the financial statements. A significant portion of the Group's trade receivables and accrued income are with customers that operate in the shipping, marine and offshore industries. The global shipping, marine and offshore industries continue to be affected by certain economic factors, such as low demand and oversupply of the global fleet and pressure on oil and gas prices. Many companies are experiencing continued financial stress. The Group has experience of both significant delays between performing the work, issuing an invoice and receiving payment and non-payment of debts. Determining whether a trade receivable or accrued income balance is collectible involves a certain level of management judgement, including consideration of historical payment patterns and other information related to the current creditworthiness of the counterparty.	Our procedures included, but were not limited to: – testing a sample of trade receivable and accrued income balances to determine whether the judgements made by the Group in making those provisions were consistent with Group policy. This testing included considering the age of the receivables or accrued income, customer payment history, and post year-end payments received by the Group; assessing older receivable and accrued income balances that have not been provided for to determine whether there were any indicators of non-collectability which would require these receivables or accrued income to be provided against; – analysing changes in the prior year bad debt provision, in particular understanding how much of the provisions were utilised and how much was released in order to assess the appropriateness of the Group's debt provisioning policy; – testing the accuracy of the data extracted from the Group's accounting systems by agreeing a sample of items on the system-generated report to supporting documentation; and – 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 £0.8 million (2016: £1.25 million), determined with reference to a benchmark of Group total revenue of £139.8 million (2016: £159.1 million), of which it represents less than 1% (2016: less than 1%). We consider revenue to be the most appropriate benchmark as it provides a more stable measure than profit before tax and it is the Directors' and external shareholders' principal metric of performance.

We report to the audit committee:
(i) all material corrected identified misstatements;
(ii) uncorrected identified misstatements exceeding £40,000 (2016: £62,500); and
(iii) other identified misstatements that warrant reporting on qualitative grounds.

Of the Group's 112 reporting components (2016: 112 reporting components), we subjected 20 (2016: 19) to audits for Group reporting purposes and 12 (2016: 11) to specified risk-focused audit procedures over revenue, trade receivables, cash and payroll expenses. 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:

	Number of components	Group revenue	Group profit before tax	Group total assets
Audits for Group reporting purposes	20	70%	70%	67%
Specific risk focused audit procedures	12	20%	16%	15%
Total	32	90%	86%	83%
Audits for Group reporting purposes	19	60%	69%	78%
Specific risk focused audit procedures	11	27%	14%	12%
Total (2016)	30	87%	83%	90%

The remaining 10% (2016: 13%) of total Group revenue, 14% (2015: 17%) of Group profit before tax and 17% (2015: 10%) of total Group assets is represented by 80 reporting components (2016: 82 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 the 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 components 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 team approved the materiality level of the components, which ranged from £2,400 to £600,000 (2016: £500 to £1,000,000), having regard to the mix of size and risk profile of the Group across the components. The work on 6 of the 32 in-scope components (2016: 6 of the 30 components) was performed by component auditors and the rest by the Group team.

The Group audit team visited four components in the United States and four components in Singapore (2016: three components in the United States). Additionally, the Group team held telephone conference meetings with all component auditors of reporting components. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

– we have not identified material misstatements in those reports; and
– in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' Viability Statement on page 29, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the three years to 29 February 2020; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 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 position and performance, business model and strategy; or
- the Report of the Audit Committee 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, in relation to going concern and the longer-term viability set out on page 29; and
- the part of the Corporate Governance Statement on pages 32 to 37 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

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

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on pages 52 and 53, 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 accountsis 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 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

9 May 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2017

		28 Feb 2017			29 Feb 2016		
Continuing operations	Notes	Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000
Revenue	2	**139,842**	**–**	**139,842**	159,125	–	159,125
Cost of sales	3	**(28,339)**	**–**	**(28,339)**	(33,365)	–	(33,365)
Gross profit		**111,503**	**–**	**111,503**	125,760	–	125,760
Operating income/(expense):							
Other operating costs		**(108,008)**	**–**	**(108,008)**	(112,002)	–	(112,002)
Restructuring costs	8	**–**	**(3,008)**	**(3,008)**	–	–	–
Gain on sale of investment	8	**–**	**1,664**	**1,664**	–	–	–
Acquisition-related expenditure	8	**–**	**(2,485)**	**(2,485)**	–	(2,668)	(2,668)
Acquisition-related restructuring	8	**–**	**–**	**–**	–	(777)	(777)
		(108,008)	**(3,829)**	**(111,837)**	(112,002)	(3,445)	(115,447)
Operating profit/(loss)	2,3	**3,495**	**(3,829)**	**(334)**	13,758	(3,445)	10,313
Finance income	6	**61**	**–**	**61**	45	–	45
Finance costs	6	**(364)**	**–**	**(364)**	(432)	–	(432)
Profit/(loss) before taxation		**3,192**	**(3,829)**	**(637)**	13,371	(3,445)	9,926
Taxation	7	**(616)**	**764**	**148**	(3,198)	372	(2,826)
Profit/(loss) for the year		**2,576**	**(3,065)**	**(489)**	10,173	(3,073)	7,100
Loss for the year from discontinued operations	9	**–**	**–**	**–**	–	(290)	(290)
Profit/(loss) for the year attributable to equity shareholders of the parent		**2,576**	**(3,065)**	**(489)**	10,173	(3,363)	6,810
Earnings per ordinary share							
Basic	11	**8.73p**		**(1.66)p**	34.70p		23.23p
Diluted	11	**7.90p**		**(1.66)p**	31.53p		21.10p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	28 Feb 2017 £'000	29 Feb 2016 £'000
(Loss)/profit for the year		**(489)**	6,810
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial loss on employee benefit schemes – net of tax		**(2,956)**	(296)
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences on retranslation of foreign operations	27	**2,172**	2,461
Cash flow hedges – net of tax	27	**305**	(937)
Total comprehensive (expense)/income for the year attributable to equity shareholders of the parent		**(968)**	8,038

BALANCE SHEETS

AS AT 28 FEBRUARY 2017

	Notes	Group As at 28 Feb 2017 £'000	Group As at 29 Feb 2016 £'000	Company As at 28 Feb 2017 £'000	Company As at 29 Feb 2016 £'000
Assets					
Non-current assets					
Goodwill	13	**77,806**	76,912	**–**	–
Other intangible assets	14	**2,215**	2,684	**–**	–
Property, plant and equipment	15	**4,561**	5,104	**–**	–
Investments	16	**1,356**	1,537	**110,528**	107,730
Deferred tax assets	7	**3,584**	2,177	**–**	–
Other long-term receivables	17	**385**	355	**14**	30
		89,907	88,769	**110,542**	107,760
Current assets					
Trade and other receivables	18	**57,199**	58,135	**11,185**	6,035
Cash and cash equivalents	20	**7,674**	11,497	**–**	–
		64,873	69,632	**11,185**	6,035
Total assets		**154,780**	158,401	**121,727**	113,795
Liabilities					
Current liabilities					
Derivative financial instruments	19	**852**	1,233	**–**	–
Trade and other payables	21	**45,855**	43,020	**13,760**	23,477
Short-term borrowings	22	**622**	1,800	**9,698**	2,642
Current tax payable		**996**	1,640	**–**	–
Provisions	23	**854**	729	**–**	–
		49,179	48,422	**23,458**	26,119
Non-current liabilities					
Long-term borrowings	22	**–**	500	**–**	500
Deferred tax liabilities	7	**836**	430	**–**	–
Provisions	23	**288**	533	**–**	–
Pension deficit	24	**4,305**	1,211	**–**	–
		5,429	2,674	**–**	500
Total liabilities		**54,608**	51,096	**23,458**	26,619
Total assets less total liabilities		**100,172**	107,305	**98,269**	87,176
Equity					
Share capital	25	**3,018**	3,011	**3,018**	3,011
Share premium	25	**52,510**	52,314	**52,510**	52,314
Shares to be issued	26	**(2,962)**	(3,439)	**(2,962)**	(3,439)
Other reserves	27	**28,951**	26,474	**21,742**	21,742
Retained earnings		**18,655**	28,945	**23,961**	13,548
Total equity		**100,172**	107,305	**98,269**	87,176

The accounts on pages 57 to 94 were approved by the Board of Directors on 9 May 2017 and were signed on its behalf by:

David Moorhouse CBE, FNI
Chairman

Louise Evans FCA
Group Finance Director

Registered number: 2286034

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

		Group		Company	
	Notes	28 Feb 2017 £'000	29 Feb 2016 £'000	28 Feb 2017 £'000	29 Feb 2016 £'000
Cash flows from operating activities					
Cash generated from operations	28	**6,630**	13,459	**1,462**	14,205
Interest received		**61**	45	**–**	2
Interest paid		**(364)**	(432)	**(351)**	(413)
Tax paid		**(1,656)**	(2,688)	**–**	–
Net cash generated from operating activities		**4,671**	10,384	**1,111**	13,794
Cash flows from investing activities					
Purchase of property, plant and equipment and computer software		**(990)**	(2,098)	**–**	–
Proceeds from sale of investments		**1,779**	–	**–**	–
Other long-term assets		**(30)**	(111)	**16**	14
Net cash used in investing activities		**759**	(2,209)	**16**	14
Cash flows from financing activities					
Proceeds from borrowings		**622**	–	**622**	–
Repayment of borrowings		**(2,300)**	(6,800)	**(2,300)**	(6,800)
Proceeds from issue of ordinary shares, excluding acquisitions		**203**	357	**203**	357
Dividends paid	10	**(7,858)**	(7,648)	**(7,858)**	(7,648)
Purchase of own shares		**(650)**	(428)	**(650)**	(428)
Net cash used in financing activities		**(9,983)**	(14,519)	**(9,983)**	(14,519)
(Decrease)/increase in cash and cash equivalents		**(4,553)**	(6,344)	**(8,856)**	(711)
Cash and cash equivalents at beginning of the period		**11,497**	16,289	**(842)**	(131)
Foreign exchange differences		**730**	1,552	**–**	–
Cash and cash equivalents at end of the period		**7,674**	11,497	**(9,698)**	(842)

STATEMENTS OF CHANGES IN TOTAL EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2017

Group	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2015	2,998	51,970	(3,611)	24,950	27,966	104,273
Profit for the year	–	–	–	–	6,810	6,810
Actuarial loss on employee benefits schemes – net of tax	–	–	–	–	(296)	(296)
Foreign exchange differences	–	–	–	2,461	–	2,461
Cash flow hedges-net of tax	–	–	–	(937)	–	(937)
Total recognised income in the year	–	–	–	1,524	6,514	8,038
Dividends paid	–	–	–	–	(7,648)	(7,648)
Issue of shares	13	344	–	–	–	357
Purchase of own shares	–	–	(428)	–	–	(428)
ESOP shares allocated	–	–	600	–	(600)	–
Credit in respect of share option schemes	–	–	–	–	2,698	2,698
Deferred tax on items taken to equity	–	–	–	–	15	15
At 29 February 2016	3,011	52,314	(3,439)	26,474	28,945	107,305
Loss for the year	–	–	–	–	(489)	(489)
Actuarial loss on employee benefits schemes – net of tax	–	–	–	–	(2,956)	(2,956)
Foreign exchange differences	–	–	–	2,172	–	2,172
Cash flow hedges-net of tax	–	–	–	305	–	305
Total recognised income in the year	–	–	–	2,477	(3,445)	(968)
Dividends paid	–	–	–	–	(7,858)	(7,858)
Issue of shares	7	196	–	–	–	203
Purchase of own shares	–	–	(650)	–	–	(650)
ESOP shares allocated	–	–	1,127	–	(1,127)	–
Credit in respect of share option schemes	–	–	–	–	2,793	2,793
Deferred tax on items taken to equity	–	–	–	–	(653)	(653)
At 28 February 2017	**3,018**	**52,510**	**(2,962)**	**28,951**	**18,655**	**100,172**

Company	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2015	2,998	51,970	(3,611)	21,742	15,066	88,165
Profit for the year	–	–	–	–	4,032	4,032
Dividends paid	–	–	–	–	(7,648)	(7,648)
Issue of shares	13	344	–	–	–	357
Purchase of shares	–	–	(428)	–	–	(428)
ESOP shares allocated	–	–	600	–	(600)	–
Credit in respect of share option schemes	–	–	–	–	2,698	2,698
At 29 February 2016	3,011	52,314	(3,439)	21,742	13,548	87,176
Profit for the year	–	–	–	–	16,605	16,605
Dividends paid	–	–	–	–	(7,858)	(7,858)
Issue of shares	7	196	–	–	–	203
Purchase of shares	–	–	(650)	–	–	(650)
ESOP shares allocated	–	–	1,127	–	(1,127)	–
Credit in respect of share option schemes	–	–	–	–	2,793	2,793
At 28 February 2017	**3,018**	**52,510**	**(2,962)**	**21,742**	**23,961**	**98,269**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Group and Company financial statements of Braemar Shipping Services plc for the year ended 28 February 2017 were authorised for issue in accordance with a resolution of the Directors on 9 May 2017. 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 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 and investments, 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

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

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2016 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 7, 'Statement of cash flows' on disclosure initiative
- Amendment to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses
- Amendment to IFRS 2, 'Share-based payments' regarding how to account for certain types of share-based payment transactions
- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial instruments'
- Amendments to IAS 40, 'Investment property' relating to transfers of investment property
- IFRIC 22, 'Foreign currency transactions and advance consideration'
- IFRS 16 'Leases'
- Annual improvements (2014 – 2016)

The impact on the Group's financial statements of the future adoption of these and other new standards and interpretations is under review. IFRS15 'Revenue from contracts with customers' sets out the requirements for recognising revenue from contracts with customers and requires apportionment of revenue earned from contracts to individual promises, or performance obligations. IFRS15 'Revenue from contracts with customers will be effective from 1 March 2018. The Group does not expect the effect of this standard to have a material effect on the results or net assets of the Group, but is in the process of quantifying the implications. IFRS 16 'Leases' will be effective from 1 March 2019 and requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset is of low value. The Group is still reviewing the effect of the application of this standard.

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.

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. This can involve assessment of completion of third parties' obligations in order for commission or similar revenue to be recognised.

The Group excludes exceptional and acquisition-related items from its "underlying" earnings measures. The Directors believe that, if properly used, such additional performance measures can provide users of the financial statements with a better understanding of the Group's financial performance and strategy. If improperly used and presented, such measures could mislead users of the financial statements by obscuring the real profitability and financial position of the Group.

The key areas where the Group typically 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1 ACCOUNTING POLICIES continued

e) Foreign currencies

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

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

Assets and liabilities of overseas subsidiaries, branches and associates are translated from their functional currency into pounds sterling at the exchange rates ruling at the balance sheet date. Trading results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of overseas subsidiaries are dealt with through the foreign currency translation reserve (see Note 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 unremitted 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) Research and development
The Group capitalises internally-generated development costs when it is able to demonstrate:

- the technical feasibility of completing the intangible asset so that it is subsequently available for use;
- that there is a clear intention that the intangible asset would be completed and then used;
- that it is able to use the intangible asset;
- that future economic benefits are probable;
- that there are adequate technical, financial and other resources to complete the development and to use the asset; and
- the expenditure attributable to the intangible asset during its development can be reliably measured

The Group amortises research and development over a straight-line basis over its estimated useful economic life.

Research costs are expensed as incurred.

iii) 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 with movements in fair value recorded in other comprehensive income other than impairments which are recorded in the income statement.

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

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

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

m) Trade and other receivables

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

n) Cash and cash equivalents

Cash and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1 ACCOUNTING POLICIES continued

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 holds a defined benefit scheme, the ACM Staff Pension Scheme 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 on a straight-line basis over the lease term.

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, US, 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) Specific items

Specific items are significant items considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's ongoing financial performance.

Restructuring costs include all costs of employment termination, office closure and relocation and any balance sheet asset impairment associated with a material business reorganisation.

Acquisition-related expenditure and restructuring relates to significant items directly associated with a business combination and considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's financial performance.

w) 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 About us on pages 2 and 3.

The Group is 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. Central costs relate to Board costs and other costs associated with the Group's listing on the London Stock Exchange.

Underlying operating profit is defined as operating profit before restructuring costs, gain on disposal of investment, acquisition-related expenditure and acquisition-related restructuring.

Sales between and within 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2 SEGMENTAL INFORMATION continued

a) Business segments continued

The segment information provided to the Board for reportable segments for the year ended 28 February 2017 is as follows:

2017	Shipbroking £'000	Technical £'000	Logistics £'000	Central £'000	Total £'000
Revenue	63,132	42,860	33,850	–	139,842
Underlying operating profit	7,882	(2,920)	1,254	(2,721)	3,495
Restructuring costs	(64)	(2,852)	(92)	–	(3,008)
Gain on sale of investment	1,538	–	126	–	1,664
Acquisition-related expenditure	(1,707)	(236)	(33)	(509)	(2,485)
Operating profit/(loss)	7,649	(6,008)	1,255	(3,230)	(334)
Finance expense – net					(303)
Loss before taxation					(637)
Taxation					148
Loss for the year from continuing operations					(489)
Capital additions	136	832	22	–	990
Depreciation of property, plant and equipment and amortisation of computer software	725	781	127	–	1,633
Segment operating assets	92,464	32,705	16,997	–	142,166
Segment operating liabilities	(21,255)	(6,321)	(24,578)	–	(52,154)

2016	Shipbroking £'000	Technical £'000	Logistics £'000	Central £'000	Total £'000
Segment revenue	70,699	55,612	34,143	–	160,454
Inter-segment revenue	–	(1,329)	–	–	(1,329)
Revenue	70,699	54,283	34,143	–	159,125
Underlying operating profit	9,653	5,201	1,577	(2,673)	13,758
Acquisition-related expenditure	(2,476)	(159)	(33)	–	(2,668)
Acquisition-related restructuring	(777)	–	–	–	(777)
Operating profit	6,400	5,042	1,544	(2,673)	10,313
Finance expense – net					(387)
Profit before taxation					9,926
Taxation					(2,826)
Profit for the year from continuing operations					7,100
Capital additions	398	2,410	126	–	2,934
Depreciation of property, plant and equipment and amortisation of computer software	1,389	580	144	–	2,113
Segment operating assets	91,884	34,412	16,893	–	143,189
Segment operating liabilities	(20,449)	(5,352)	(20,924)	–	(46,725)

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	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
United Kingdom	**83,457**	99,260	**842**	2,538	**75,483**	75,894
Singapore	**18,347**	20,551	**79**	70	**3,841**	3,436
United States	**14,802**	14,783	**4**	184	**412**	503
Australia	**4,944**	7,173	**8**	57	**4,537**	4,606
Rest of the World	**18,292**	17,358	**57**	85	**694**	616
	139,842	159,125	**990**	2,934	**84,967**	85,055

c) Revenue analysis

All revenue arises from the rendering of services.

There is no single 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	**2017 £'000**	2016 £'000
Cost of sales			
Freight and haulage		**21,237**	22,285
Payments to sub-contractors		**5,804**	9,399
Materials and other costs		**1,298**	1,681
		28,339	33,365

	Notes	**2017 £'000**	2016 £'000
Recurring items			
Staff costs	4	**83,861**	86,540
Depreciation of property, plant and equipment	15	**1,083**	1,540
Amortisation of computer software	14	**549**	573
Operating lease rentals:			
– Land and buildings		**4,258**	3,457
– Other		**69**	266
(Profit)/loss on sale of property, plant and equipment		**(72)**	–
Net movements in bad debt provisions		**537**	1,720
Auditor's remuneration	5	**432**	482
Net foreign exchange (gains)/losses and financial instruments		**307**	(524)
Specific items			
Restructuring costs	8	**3,008**	–
(Gain) on sale of investment	8	**(1,664)**	–
Acquisition-related expenditure	8,14	**2,485**	2,668
Acquisition-related restructuring	8	**–**	777

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

4 STAFF COSTS

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

	Notes	2017 £'000	2016 £'000
Salaries, wages and short-term employee benefits		74,233	76,797
Other pension costs	24	1,967	2,083
Social security costs		4,868	4,922
Share-based payments	25	2,793	2,698
		83,861	86,500
Discontinued operations		–	40
		83,861	86,540

Staff costs include the costs of staff who have left as part of the restructuring that has occurred during the year.

Staff costs in relation to the Directors and central support staff of £1,476,000 (2016: £1,619,000) were charged to the Company.

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Remuneration Report on pages 46 and 47.

b) Average number of full-time employees

	2017 £'000	2016 £'000
Shipbroking	291	334
Technical	350	444
Logistics	206	189
Central	11	9
	858	976
Discontinued operations	–	2
Total	858	978

The Directors' remuneration is borne by Braemar Shipping Services plc.

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 pages 46 and 47. Key management represents the Directors of the Company.

	2017 £'000	2016 £'000
Salaries, short-term employee benefits and fees	844	1,236
Other pension costs	86	25
Share-based payments	8	114
	938	1,375
Number of key employees	6	6

Retirement benefits are accruing to one key management personnel (2016: one) in respect of a defined contribution pension scheme.

5 AUDITOR'S REMUNERATION

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

	2017 £'000	2016 £'000
Audit services		
– Fees payable to the Company auditor for audit of the Company and Group financial statements	100	96
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	303	315
– Other services pursuant to legislation	19	22
– Tax compliance services	-	39
– Tax advisory services	10	10
	432	482

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

6 FINANCE INCOME AND COSTS – NET

	2017 £'000	2016 £'000
Finance income:		
– Interest on bank deposits	61	45
Total finance income	61	45
Finance costs:		
– Interest payable on bank loans	(275)	(268)
– Interest payable on overdrafts	(89)	(164)
Total finance costs	(364)	(432)
Finance (costs)/income – net	(303)	(387)

7 TAXATION

a) Analysis of charge in year

	2017 £'000	2016 £'000
Current tax		
UK corporation tax charged to the income statement	281	1,790
UK adjustment in respect of previous years	(534)	(120)
Overseas tax on profits in the year	1,055	1,432
Overseas adjustment in respect of previous years	(80)	30
Total current tax	722	3,132
Deferred tax		
UK current year origination and reversal of timing differences	(479)	(300)
UK adjustment in respect of previous years	35	56
Overseas current year origination and reversal of timing differences	(419)	(39)
Overseas adjustment in respect of previous years	(18)	(23)
Effect of change of tax rate	11	–
Total deferred tax	(870)	(306)
Taxation	(148)	2,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

7 TAXATION continued

a) Analysis of charge in year continued

Reconciliation between expected and actual tax charge	2017 £'000	2016 £'000
(Loss)/profit before tax	(637)	9,926
Profit before tax at standard rate of UK corporation tax of 20% (2016: 20%)	(127)	1,985
Expenses not deductible for tax purposes	905	962
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	(337)	(64)
Prior year adjustments from resubmitted UK tax computations	(135)	–
Other prior year adjustments	(462)	(57)
Effect of change of tax rate	8	–
Total tax (credit)/charge for the year	(148)	2,826

Tax on items charged to equity	2017 £'000	2016 £'000
Current tax debit/(credit) on exercised share options	9	10
Deferred tax credit on share options	516	(15)
Deferred tax (debit)/credit on cash flow hedges	76	(234)
Employee benefits	(588)	74
Effect of change of tax rate	83	–
Tax credit in the statement of changes in equity	96	(165)

b) Deferred tax asset

Analysis of the deferred tax asset	As at 28 Feb 2017 £'000	As at 29 Feb 2016 £'000
Accelerated capital allowances (includes £447,000 (2016: £341,000) of overseas accelerated capital allowances)	674	377
Short-term timing differences (includes £1,397,000 (2016: £586,000) of overseas short-term timing differences)	2,178	1,558
Employee benefits (including £nil of overseas employee benefits)	732	242
	3,584	2,177

The movement in the deferred tax asset	2017 £'000	2016 £'000
Balance at beginning of year	2,177	1,548
Movement to income statement	1,196	(3)
Movement to reserves	(138)	216
Reclassification	181	392
Exchange differences	168	24
Balance at end of year	3,584	2,177

A deferred tax asset of £3,584,000 (2016: £2,177,000) 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 £17,000 (2016: £16,000) expected to reverse within the next 12 months of the balance sheet date.

c) Deferred tax liability

Analysis of the deferred tax liabilities	As at 28 Feb 2017 £'000	As at 29 Feb 2016 £'000
Long-term timing differences	**(836)**	(430)
	(836)	(430)

The movement in the deferred tax liability	As at 28 Feb 2017 £'000	As at 29 Feb 2016 £'000
Balance at beginning of year	**(430)**	(825)
Movement to income statement	**(326)**	309
Movement to reserves	**(10)**	22
Exchange differences	**(70)**	64
Balance at end of year	**(836)**	(430)

The closing deferred tax liability includes £55,000 (2016: £67,000) 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, for which a deferred tax liability has not been recognised, is approximately £4.4 million (2016: £3.4 million).

Reductions in the UK corporation tax from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 28 February 2017 has been calculated based on these rates.

8 SPECIFIC ITEMS

The following is a summary of specific items incurred:

	2017 £'000	2016 £'000
Restructuring costs	**(3,008)**	–
Gain on sale of investment	**1,664**	–
Acquisition-related expenditure		
Amortisation charge of intangible assets	**(501)**	(1,080)
Group share retention plan directly attributable to the acquisition of ACM Shipping Group plc	**(1,475)**	(1,588)
Other acquisition-related costs	**(509)**	–
	(2,485)	(2,668)
Acquisition-related restructuring		
Acquisition-related restructuring following the acquisition of ACM Shipping Group plc	**–**	(777)

During the year the Group charged £3.0 million (2016: £nil) restructuring costs which predominantly relates to the substantial reorganisation of the Technical division. The total includes the costs of office consolidations, headcount reductions and other items associated with project completion.

The gain on sale of investment of £1.7 million relates to the Group's disposal of its investment in the Baltic Exchange to the Singapore Exchange during the second half of the year.

During the prior year the Group charged £0.8 million to acquisition-related restructuring which largely related to the completion of the integration of the Shipbroking businesses following the acquisition of ACM Shipping Group plc in July 2014.

The Group has recognised £1.5 million (2016: £1.6 million) as acquisition-related expenditure in relation to the restricted share plan that was implemented to retain key staff following the merger with ACM. In addition, the Group has recognised £0.4 million (2016: £1.1 million) in relation to the amortisation of intangible assets arising from the acquisition of ACM as well as acquisitions from previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

9 DISCONTINUED OPERATIONS

During the prior year, the Group closed the Technical office in Rio de Janeiro, Brazil, thereby exiting the Group's presence in South America. As a consequence the results of this office for the prior year were presented as a discontinued operation.

The results of the discontinued operation in the previous year were as follows:

	2017 £'000	2016 £'000
Revenue	**–**	–
Operating costs	**–**	(228)
Exceptional costs	**–**	(62)
	–	(290)

10 DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2017 £'000	2016 £'000
Ordinary shares of 10 pence each		
Final of 17.0 pence per share for the year ended 29 February 2016 (2015: 17.0 pence per share)	**5,020**	4,989
Interim of 9.0 pence per share paid (2016: 9.0 pence per share)	**2,838**	2,659
	7,858	7,648

In addition, the Directors are proposing a final dividend in respect of the financial year ended 28 February 2017 of 5 pence per share which will absorb an estimated £1.5 million of shareholders' funds. It will be paid on 28 July 2017 to shareholders who are on the register of members on 30 June 2017. 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 £101,000 (2016: £181,000).

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 657,123 ordinary shares held by the Employee Share Ownership Plan (2016: 760,409 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	**2017 £'000**	2016 £'000
(Loss)/profit for the year attributable to shareholders	**(489)**	6,810

	pence	pence
Basic earnings per share	**(1.66)**	23.23
Effect of dilutive share options	**–**	(2.13)
Diluted earnings per share	**(1.66)**	21.10

Underlying operations	**2017 £'000**	2016 £'000
Underlying profit for the year attributable to shareholders	**2,576**	10,173

	pence	pence
Basic earnings per share	**8.73**	34.70
Effect of dilutive share options	**(0.83)**	(3.17)
Diluted earnings per share	**7.90**	31.53

	shares	shares
Weighted average number of ordinary shares	**29,514,736**	29,318,887
Effect of dilutive share options	**3,096,058**	2,947,075
Diluted weighted average number of ordinary shares	**32,610,794**	32,265,962

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 profit of £16,605,000 (2016: profit of £4,032,000) has been dealt with in the accounts of the Company.

13 GOODWILL

Group	£'000
Cost	
At 1 March 2015	83,913
Exchange adjustments	658
At 29 February 2016	84,571
Exchange adjustments	894
At 28 February 2017	**85,465**
Accumulated impairment	
At 1 March 2015	7,693
Exchange adjustments	(34)
At 29 February 2016 and 28 February 2017	**7,659**
Net book value at 28 February 2017	**77,806**
Net book value at 29 February 2016	76,912

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

	2017 £'000	2016 £'000
Shipbroking	**69,007**	68,502
Braemar Technical Services Engineering	**204**	204
Braemar Technical Services Offshore	**3,321**	2,949
Braemar Technical Services Adjusting	**1,623**	1,623
Cory Brothers Group	**3,651**	3,634
	77,806	76,912

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 revalued 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, which are the key assumptions in the model. 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 1.0% to 2.0% (2016: 2.0%). The cash flows were discounted using a pre-tax discount rate of 9.5% to 11.5% (2016: 9.1% to 9.6%).

Sensitivity to impairment

To test the sensitivity of the results of the impairment review, the calculations have been re-performed using alternative pre-tax discount rates, cost inflation and increase in capital expenditure. The results showed that there was still no indication of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14 OTHER INTANGIBLE ASSETS

Group	Computer software £'000	Research and development £'000	Other intangible assets £'000	Total £'000
Cost				
At 1 March 2015	2,494	–	12,115	14,609
Additions	379	836	–	1,215
Disposals	(389)	–	–	(389)
Exchange adjustments	–	–	119	119
At 29 February 2016	2,484	836	12,234	15,554
Additions	585	–	–	585
Exchange adjustments	–	–	205	205
At 28 February 2017	**3,069**	**836**	**12,439**	**16,344**
Amortisation				
At 1 March 2015	1,148	–	10,344	11,492
Charge for the year	573	56	1,024	1,653
Disposals	(389)	–	–	(389)
Exchange adjustments	–	–	114	114
At 29 February 2016	1,332	56	11,482	12,870
Charge for the year	549	56	445	1,050
Exchange adjustments	–	–	209	209
At 28 February 2017	**1,881**	**112**	**12,136**	**14,129**
Net book value at 28 February 2017	**1,188**	**724**	**303**	**2,215**
Net book value at 29 February 2016	1,152	780	752	2,684

At 28 February 2017, the Group had £72,000 of contractual commitments for the acquisition of computer software (2016: nil).

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

The Company has no intangible assets.

15 PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold £'000	Short leasehold £'000	Computers £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost or fair value						
At 1 March 2015	507	1,833	4,378	4,388	517	11,623
Additions at cost	119	31	489	1,080	–	1,719
Disposals	–	(357)	(328)	(532)	(106)	(1,323)
Exchange differences	67	–	124	61	45	297
At 29 February 2016	693	1,507	4,663	4,997	456	12,316
Additions at cost	–	88	230	91	–	409
Disposals	–	–	–	(19)	(113)	(132)
Exchange differences	–	111	146	220	13	490
At 28 February 2017	**693**	**1,706**	**5,039**	**5,289**	**356**	**13,083**
Accumulated depreciation						
At 1 March 2015	64	386	3,117	2,810	384	6,761
Charge for the year	140	37	779	515	69	1,540
Disposals	–	(326)	(521)	(268)	(101)	(1,216)
Exchange differences	43	–	37	44	3	127
At 29 February 2016	247	97	3,412	3,101	355	7,212
Charge for the year	31	23	494	473	62	1,083
Disposals	–	–	–	(8)	(93)	(101)
Exchange differences	–	80	135	112	1	328
At 28 February 2017	**278**	**200**	**4,041**	**3,678**	**325**	**8,522**
Net book value at 28 February 2017	**415**	**1,506**	**998**	**1,611**	**31**	**4,561**
Net book value at 29 February 2016	446	1,410	1,251	1,896	101	5,104

At 28 February 2017, the Group had no contractual commitments for the acquisition of property, plant and equipment (2016: nil). The Company has no property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

16 INVESTMENTS

Group	Unlisted investments £'000	Total £'000
At 1 March 2015	1,528	1,528
Additions	99	99
Impairments	(90)	(90)
Cost at 29 February 2016	1,537	1,537
Additions	51	51
Disposals	(232)	(232)
At 28 February 2017	**1,356**	**1,356**

Company	Subsidiaries £'000	Unlisted investments £'000	Total £'000
Cost			
At 1 March 2015	105,783	1,200	106,983
Share-based payments	2,584	–	2,584
At 29 February 2016	108,367	1,200	109,567
Share-based payments	2,798	–	2,798
At 28 February 2017	**111,165**	**1,200**	**112,365**
Impairment			
At 1 March 2015, 29 February 2016 and 28 February 2017	1,837	–	1,837
Net book value at 28 February 2017	**109,328**	**1,200**	**110,528**
Net book value at 29 February 2016	106,530	1,200	107,730

The Company invested £2,798,000 (2016: £2,584,000) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year (see Note 25).

A list of subsidiary undertakings is included in Note 31.

The financial statements of the principal subsidiary undertakings are prepared to 28 February 2017 except for PT Braemar Technical Services Offshore, Braemar Technical Services Offshore Vietnam Co Limited and Braemar Technical Services (Offshore) Shanghai Pte Limited for which the results to 31 December 2016 have been consolidated on the basis that the results to 28 February 2017 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 479A of the Companies Act 2006.

a) Joint ventures

The Group disposed of its joint venture with ACM Icon Shipping Limited during the year.

b) Unlisted investments

The Group's unlisted investments include 1,200 (2016: 1,200) ordinary £1 shares in London Tanker Brokers Panel. During the year the Group disposed of its investment in the Baltic Exchange, realising a gain on disposal of £1.7 million.

The investments are held as available for sale investments and not equity accounted, as the Group does not have significant influence as all investors in these companies have equivalent proportional influence.

17 OTHER LONG-TERM RECEIVABLES

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Other receivables	14	30	14	30
Security deposits	371	325	–	–
	385	355	14	30

18 TRADE AND OTHER RECEIVABLES

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade receivables	45,120	44,608	–	–
Provision for impairment of trade receivables	(5,826)	(6,071)	–	–
	39,294	38,537	–	–
Amounts due from subsidiary undertakings	–	–	10,041	4,508
Other receivables	5,964	4,626	1,033	1,459
Accrued income	9,790	12,379	–	–
Prepayments	2,151	2,593	111	68
	57,199	58,135	11,185	6,035

The total receivables balance is denominated in the following currencies:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
US dollars	27,655	22,503	–	–
Pounds sterling	20,069	23,300	11,185	6,035
Other	9,475	12,332	–	–
	57,199	58,135	11,185	6,035

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. Specific debts are provided for where recovery is deemed uncertain, which will be assessed on a case-by-case basis whenever debts are older than the due date, but always when debts are older than usual for the industry in which each business in the Group operates. As at 28 February 2017 trade receivables of £4,053,000 (2016: £3,532,000) which were over 24 months old were treated as impaired and have been provided for and trade receivables of £1,127,000 (2016: £1,933,000) which were between 12 months old and 24 months old were treated as impaired and have been provided for. A provision of £646,000 (2016: £606,000) has been made for specific trade receivables which are less than 12 months overdue.

The ageing profile of trade receivables as at 28 February 2017 is as follows:

	Group 2017 £'000	Group 2016 £'000
Up to 3 months	28,554	28,675
3 to 6 months	5,118	4,680
6 to 12 months	4,016	5,788
Over 12 months	7,432	5,465
Total	45,120	44,608

The Company has no trade receivables (2016: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

18 TRADE AND OTHER RECEIVABLES continued

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

	2017 £'000	2016 £'000
At 1 March	**6,071**	4,477
Provision for receivables impairment	**1,728**	2,055
Receivables written off during the year as uncollectable	**(782)**	(126)
Amounts previously impaired collected in period	**(1,630)**	(569)
Exchange differences	**439**	234
At 28/29 February	**5,826**	6,071

At 28 February 2017, within other classes of trade and other receivables, a provision for impairment for £373,000 (2016: £311,000) 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 (2016: £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 including participating hedging arrangements.

At 28 February 2017 the Group held forward currency contracts to sell US$20.5 million at an average rate of $1.325/£1 and options over a further US$4.5 million at an average rate of $1.298:£1.

At 29 February 2016 the Group held forward currency contracts to sell US$31.0 million at an average rate of $1.477/£1.

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

	2017		2016	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Forward currency contracts				
Liabilities	**852**	**852**	1,233	1,233

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £852,000 liability (2016: £1,233,000 liability) which has been deferred in equity.

Amounts of £1,233,000 have been charged (2016: £62,000 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 2017				
USD	**3,572**	**(2,923)**	**2,858**	**(2,338)**
29 February 2016				
USD	4,012	(3,283)	3,210	(2,626)

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	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Floating rate:				
Within one year				
Cash and cash equivalents (see Note 20)	**7,674**	11,497	**–**	–
Secured bank overdrafts	**–**	–	**(1,008)**	(842)
Secured bank loans and other borrowings	**(622)**	(1,800)	**(8,690)**	(1,800)
Between one and five years				
Secured bank loans and other borrowings	**–**	(500)	**–**	(500)
	7,052	9,197	**(9,698)**	(3,142)

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

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

The effect on equity and profit before tax of a 1% increase (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 2017				
Cash and cash equivalents	**35**	**(35)**	**28**	**(28)**
Bank loans and overdrafts	**(132)**	**132**	**(66)**	**66**
	(97)	**97**	**(38)**	**38**
29 February 2016				
Cash and cash equivalents	23	(23)	18	(18)
Bank loans and overdrafts	(54)	54	(43)	43
	(31)	31	(25)	25

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 so as to maintain investor and market confidence and to provide returns to shareholders that will support the future development of the business. The Group makes adjustments to the capital structure if required in response to 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 and also has a revolving credit facility which it draws down as required to provide cover against the cyclical nature of the shipping industry.

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 2017 and 29 February 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

20 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Cash at bank and cash on hand	**5,987**	9,744	**–**	–
Restricted cash	**1,034**	1,220	**–**	–
Term deposits	**653**	533	**–**	–
	7,674	11,497	**–**	–

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 there are restrictions as to withdrawal or use of cash under the terms of certain financial instruments. 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

	Group		Company	
Current liabilities	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
Trade payables	**26,147**	19,984	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**13,441**	22,655
Other taxation and social security	**893**	868	**–**	–
Other payables	**4,216**	3,363	**316**	204
Other accruals and deferred income	**14,599**	18,805	**3**	618
	45,855	43,020	**13,760**	23,477

The average credit period taken for trade payables is 46 days (2016: 37 days). The Directors consider that the carrying amounts of trade payables approximate to their fair value.

22 BORROWINGS

	Group		Company	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Short-term borrowings				
Secured bank loans and other borrowings	**622**	–	**8,690**	–
Secured bank overdrafts	**–**	–	**1,008**	842
	622	–	**9,698**	842
Current portion of long-term borrowings	**–**	1,800	**–**	1,800
	622	1,800	**9,698**	2,642
Long-term borrowings				
Bank loans:				
– repayable within one year	**–**	1,800	**–**	1,800
– repayable between one and five years	**–**	500	**–**	500
	–	2,300	**–**	2,300
Less: amount due for settlement within one year shown under current liabilities	**–**	(1,800)	**–**	(1,800)
Amount due for settlement after one year	**–**	500	**–**	500

The Group utilises global cash pooling facilities, notably in our regional hubs of the UK and Singapore. All revolving credit facilities are drawn within Braemar Shipping Services plc and appear in the accounts of the Company. This is offset against cash held within pooled accounts in certain subsidiary entities within the consolidated financial statements.

The revolving credit facility bears interest based on LIBOR.

For all other borrowings, the Directors consider that the fair value of this liability is equivalent to the carrying amount.

Borrowing facilities

As at 28 February 2017, the Group had undrawn committed revolving credit facility of £6.0 million (2016: £10.0 million). 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.

In April 2016, the Group entered a new banking relationship with HSBC. This provided total facilities of £30 million, made up of a revolving credit facility of £15 million and an accordion facility of £15 million. HSBC also provides access to global cash management opportunities, notably in our regional hubs of the UK, Singapore and Australia.

Covenant measures

The covenant measures are tested on a quarterly rolling twelve-month basis and consist of a leverage covenant. The leverage covenant is a measure of earnings before interest, tax, depreciation and amortisation compared to total debt. The leverage covenant hurdle is 2.5x.

23 PROVISIONS

	Employee entitlements £'000	Other provisions £'000	Total £'000
At 1 March 2016	797	465	1,262
Provided in the year	7	344	351
Utilised in the year	(33)	(438)	(471)
At 28 February 2017	**771**	**371**	**1,142**
Current	483	371	854
Non-current	288	–	288
At 28 February 2017	**771**	**371**	**1,142**

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

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 was carried out and a funding valuation will be carried out as at 31 March 2017.

The Group's obligations in respect of the funded defined benefit scheme at 28 February 2017 were as follows:

	Group	
	2017 £'000	2016 £'000
Present value of funded obligations	**19,429**	14,406
Fair value of scheme assets	**(15,124)**	(13,195)
Total deficit of defined benefit pension scheme	**4,305**	1,211

Funded defined benefit scheme

The Group sponsors a funded defined benefit scheme (The ACM Staff Pension Scheme) for qualifying UK employees. 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. Other benefits are payable, for example those provided on death.

From 1 February 2016, post-retirement benefits are provided to these employees through a separate defined contribution arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

24 RETIREMENT BENEFIT SCHEMES continued

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees and current pensioners. Broadly, around 82% of the liabilities are attributable to deferred pensions for current and former employees, with the remaining 18% 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 23 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 2014 and showed a deficit of £3.7 million. As a result, the Company has been paying deficit contributions of £450,000 p.a. since July 2015 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by February 2026. The contribution in the year to 28 February 2018 is expected to be £450,000.

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.

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.

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

	2017 (% p.a.)	2016 (% p.a.)
Discount rate	2.7	3.8
CPI inflation	2.0	1.8
Pension increases:		
CPI capped at 2.5% p.a.	2.0	1.6
CPI capped at 5.0% p.a.	2.2	1.8
Deferred pension increases:		
CPI capped at 2.5% p.a.	2.0	1.8
CPI capped at 5.0% p.a.	2.0	1.8

	2017 Years	2016 Years
Life expectancy from age 60 for:		
Current 60 year old male	28.7	28.6
Current 60 year old female	29.8	29.7
Pre-retirement mortality		Nil
Post-retirement mortality		95% of S2PXA Light Tables, CMI 2015 (min 1.25%)
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 the member's pension is commuted

Scheme assets	2017 £'000	2016 £'000
Scheme assets are comprised as follows:		
Schroders Diversified Growth Fund	15,124	13,195
Total	15,124	13,195

Expense recognised in the income statement (included in operating costs)	2017 £'000	2016 £'000
Current service cost	–	129
Curtailment credit	–	(327)
Interest on net liability	46	45
(Credit)/expense recognised in income statement	46	(153)
Remeasurements in other comprehensive income/(expense):		
Return on assets in excess of that recognised in net interest	(1,116)	1,482
Actuarial losses due to changes in financial assumptions	4,665	(1,025)
Actuarial losses due to changes in demographic assumptions	–	104
Actuarial gains due to liability experience	(51)	(191)
Amount recognised in other comprehensive income/(expense)	3,498	370
Total amount recognised in income statement and other comprehensive income/(expense)	3,544	217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

24 RETIREMENT BENEFIT SCHEMES continued

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

	2017 £'000	2016 £'000
Opening defined benefit obligation	14,406	15,281
Current service cost	–	129
Interest expense/(income)	547	535
Contributions by participants	–	38
Actuarial (gains)/losses on liabilities	4,614	(1,112)
Net benefit payments from scheme	(138)	(138)
Curtailments	–	(327)
Closing value at 28/29 February	19,429	14,406

	2017 £'000	2016 £'000
Opening fair value at 1 March	13,195	13,799
Expected return on assets	501	490
Actuarial (gains)/losses on liabilities	1,116	(1,482)
Contributions by employers	450	488
Contributions by participants	–	38
Net benefit payments from scheme	(138)	(138)
Closing value at 28/29 February	15,124	13,195

Actual return on Scheme assets	2017 £'000	2016 £'000
Expected return on assets	501	490
Remeasurement gain on assets	1,116	(1,482)
Actual return on assets	1,617	(992)

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 28 February 2017 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).

Change in assumption	Approximate increase in liabilities (%)	Approximate increase in liabilities (£'000)
Interest rate reduced by 0.1% p.a.	1.8%	350
Inflation assumption reduced by 0.1% p.a.(1)	1.5%	291
Increase in life expectancy of 1 year for all members reaching 60	1.6%	311

(1) 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 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 £1,967,000 (2016: £2,083,000).

Contributions of £109,000 were due to these schemes at 28 February 2017 (2016: £84,000).

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

25 SHARE CAPITAL

Group and Company	Ordinary shares 2017 Number	Ordinary shares 2016 Number	Ordinary shares 2017 £'000	Ordinary shares 2016 £'000
a) Authorised				
Ordinary shares of 10 pence each	**34,903,000**	34,903,000	**3,490**	3,490

Group and Company	Ordinary shares 2017 Number	Ordinary shares 2016 Number	Ordinary shares 2017 £'000	Ordinary shares 2016 £'000	Share premium 2017 £'000	Share premium 2016 £'000
b) Issued						
Fully paid ordinary shares of 10 pence each						
As at start of year	**30,113,927**	29,983,318	**3,011**	2,998	**52,314**	51,970
Shares issued and fully paid (see below)	**59,832**	130,609	**7**	13	**196**	344
As at end of year	**30,173,759**	30,113,927	**3,018**	3,011	**52,510**	52,314

During the year ended 28 February 2017, 59,832 shares were issued at 336.24 pence as part of the Save As You Earn ("SAYE") Scheme. No shares remained unpaid at 28 February 2017.

During the year ended 29 February 2016, 38,121 shares were issued at 271.0 pence, 91,106 shares were issued at 272.90 pence, 1,159 shares were issued at 336.24 pence and 223 shares were issued at 402.67 pence as part of the Save As You Earn ("SAYE") Scheme. No shares were unpaid at 29 February 2016.

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.

i. Share options

The Company operates 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 2017, 460,629 "Non-performance options" and 189,527 "Performance options" were granted under the CSOP (2016: 295,959 "Non-performance options" and 142,836 "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 2016	Granted	Exercised	Lapsed	Number at 28 February 2017	Exercise price (pence)	Exercisable between
SAYE								
	2013	77,088	–	(59,832)	(14,153)	**3,103**	336.2	2016-2017
	2015	340,747	–	–	(64,560)	**276,187**	402.7	2018-2019
		417,835	–	(59,832)	(78,713)	**279,290**		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

25 SHARE CAPITAL continued

c) Share-based payments continued

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 15
Share price at grant date	461.95p
Exercise price	402.67p
Number of employees	239
Shares under option	353,254
Vesting period (years)	3.0
Expected volatility	42.90%
Option life (years)	3.5
Risk-free rate	1.90%
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	118.90p

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:

	2017		2016	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 March	417,835	390.41p	245,257	296.98p
Granted	–	–	353,254	402.67p
Exercised	(59,832)	336.20p	(130,609)	273.13p
Lapsed	(78,713)	390.72p	(50,067)	325.19p
Outstanding at 28/29 February	279,290	401.93p	417,835	390.41p
Exercisable at 28/29 February	3,103	336.20p	–	0.00p

	2017 Contractual	2016 Contractual
Weighted average remaining life (years)	1.0	1.8

The weighted average share price for share options exercised in the year is 385.07 pence (2016: 464.37 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 2017, 218,598 shares at a value of £980,000 that were awarded to employees in May 2013 as part of the Plan were delivered to them in May 2016 following the three-year vesting period. In addition, a further 34,688 share awards were released at a value of £147,000. Awards over 650,156 shares were made to employees during the year and a total of 157,958 share awards lapsed.

During the year ended 29 February 2016, 139,238 shares at a value of £600,000 that were awarded to employees in May 2012 as part of the Plan were delivered to them in May 2015 following the three-year vesting period. Awards over 438,795 shares were made to employees during the year and a total of 105,807 share awards lapsed.

As at 28 February 2017, 1,402,254 deferred shares had been awarded to employees (2016: 1,078,096) 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.

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 June 2016, awards over 263,007 awards were made to two executive directors and three senior members of management. In June 2015, awards over 143,157 awards were made to two executive directors and one senior member of management.

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 ended 28 February 2015 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 2017, 1,075,000 shares that were awarded (2016: 1,237,500) had not yet vested. During the year ended 29 February 2016 a further 315,000 RSP awards were granted 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 2017, 250,000 shares that were awarded (2016: 315,000) had not yet vested.

26 SHARES TO BE ISSUED

Group and Company	£'000
At 1 March 2015	3,611
Share capital acquired in the year	428
ESOP shares allocated	(600)
At 29 February 2016	3,439
Share capital acquired in the year	650
ESOP shares allocated	(1,127)
At 28 February 2017	**2,962**

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, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. As at 28 February 2017, the ESOP held 541,440 (2016: 634,788) ordinary shares of 10 pence each. 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. As at 28 February 2017, the EBT held 115,683 (2016: 125,621) ordinary shares of 10p.

The total cost of shares held in the ESOP and EBT at 28 February 2017 was £2,962,000 (2016: £3,439,000) including stamp duty associated with the purchase. The shares owned by the ESOP and EBT had a market value at 28 February 2017 of £1,688,806 (2016: £3,140,579). The distribution of these shares is determined by the Remuneration Committee. 253,286 shares (2016: 139,238) have been released to employees during the year (see Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

27 OTHER RESERVES

Group	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total £'000
At 1 March 2015	396	21,346	3,258	(50)	24,950
Cash flow hedges					
– Transfer to net profit	–	–	–	62	62
– Fair value losses in the period	–	–	–	(1,233)	(1,233)
Exchange differences	–	–	2,461	–	2,461
Deferred tax on items taken to equity	–	–	–	234	234
At 29 February 2016	396	21,346	5,719	(987)	26,474
Cash flow hedges					
– Transfer to net profit	–	–	–	1,233	1,233
– Fair value losses in the period	–	–	–	(852)	(852)
Exchange differences	–	–	2,172	–	2,172
Deferred tax on items taken to equity	–	–	–	(76)	(76)
At 28 February 2017	**396**	**21,346**	**7,891**	**(682)**	**28,951**

Company	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 1 March 2015, 29 February 2016 and 28 February 2017	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 Limited and Braemar Tankers Limited.

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 £852,000 liability (2016: £1,233,000 liability). A deferred tax asset of £170,000 (2016: £247,000 asset) is attributable to these transactions.

28 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group		Company	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
(Loss)/profit before tax for the year from continuing operations	**(637)**	9,926	**15,529**	3,485
Loss before tax for the year from discontinued operations	**–**	(290)	**–**	–
Adjustments for:				
– Depreciation of property, plant and equipment	**1,083**	1,540	**–**	–
– Amortisation of computer software	**549**	573	**–**	–
Specific items				
– Restructuring costs	**3,008**	–	**–**	–
– Gain on disposal of investment	**(1,664)**	–	**–**	–
– Amortisation of other intangible assets	**501**	1,080	**–**	–
– Other specific items	**1,984**	2,365	**–**	–
– Finance income	**(61)**	(45)	**–**	(2)
– Finance expense	**364**	432	**351**	413
– Share-based payments (excluding restricted share plan)	**1,315**	1,110	**–**	–
– Net foreign exchange gains and financial instruments	**(307)**	(524)	**–**	–
Changes in working capital:				
– Trade and other receivables	**254**	(1,527)	**(4,701)**	(2,352)
– Trade and other payables	**3,062**	750	**(9,717)**	12,661
Contribution to defined benefit pension scheme	**(450)**	(488)	**–**	–
Expenditure on restructuring	**(2,152)**	(1,632)	**–**	–
Provisions	**(219)**	189	**–**	–
Cash generated from operations	**6,630**	13,459	**1,462**	14,205

29 FINANCIAL COMMITMENTS

a) Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 28/29 February are as follows:

2017	Land and buildings: Lease minimum payments £'000	Land and buildings: Sub-lease income £'000	Land and buildings: Net minimum lease repayments £'000	Other £'000
Within one year	4,254	(1,373)	2,881	38
Between one and five years	11,541	(2,267)	9,274	33
Over five years	5,779	(1,021)	4,758	–
	21,574	(4,661)	16,913	71

2016	Land and buildings: Lease minimum payments £'000	Land and buildings: Sub-lease income £'000	Land and buildings: Net minimum lease repayments £'000	Other £'000
Within one year	3,743	(808)	2,935	66
Between one and five years	11,015	(2,346)	8,669	76
Over five years	7,958	(1,433)	6,525	2
	22,716	(4,587)	18,129	144

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases motor vehicles, plant and machinery under non-cancellable operating lease agreements.

There were no commitments under operating leases in the Company.

30 CONTINGENT LIABILITIES

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

	Group 2017 £'000	Group 2016 £'000
Bank guarantees given to:		
HM Revenue and Customs	2,036	2,036
Third parties (cash-collateralised)	465	809
Third parties (non cash-collateralised)	713	570
Total	3,214	3,415

There are no bank guarantees issued by the Company.

In addition, the Company and certain of its 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.

From time to time the Group may be engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Group's consolidated results or net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

31 RELATED PARTY TRANSACTIONS

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

	2017			2016		
Group	**Recharges to/(from) £'000**	**Dividends £'000**	**Balance due from £'000**	Recharges to/(from) £'000	Dividends £'000	Balance due from £'000
London Tanker Brokers Panel	**395**	**–**	**–**	389	–	–
London Ship Valuation Panel	**–**	**–**	**–**	18	–	–

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 Director of the Company, Quentin Soanes, are Braemar Shipbrokers vendors and remain shareholders in the Company. 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 (2016: £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.

The Group is aware of the legislative changes concerning disguised remuneration that will take effect in April 2019, but does not believe these changes will have any effect on the Group.

Key management compensation is disclosed in Note 4.

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

	2017			2016		
Company	**Loans/ recharges to/(from) £'000**	**Dividends £'000**	**Balance due from/(to) £'000**	Loans/ recharges to/(from) £'000	Dividends £'000	Balance due from/(to) £'000
Braemar Shipbrokers Limited	**–**	**–**	**(589)**	(5,200)	5,200	(589)
Braemar ACM Shipbroking Limited	**–**	**–**	**(6,269)**	(9,285)	–	(11,307)
Braemar Technical Services (Engineering) Limited	**450**	**–**	**804**	354	–	354
Braemar Technical Services Holdings Limited	**(797)**	**797**	**–**	–	–	–
Braemar Technical Services (Adjusting) Limited	**315**	**–**	**468**	116	–	153
Braemar Technical Services Limited	**(367)**	**–**	**2,896**	2,529	–	2,529
Cory Brothers Shipping Agency Limited	**(2,067)**	**–**	**(2,064)**	(2,256)	2,266	3
Braemar Response Limited	**462**	**–**	**462**	(71)	–	–
Cagnoil Limited	**–**	**–**	**39**	–	–	39
Braemar ACM Shipbroking Pte Limited	**431**	**–**	**(3,272)**	17	–	(2,841)
Braemar Technical Services Offshore Pte Limited	**1,145**	**4,572**	**65**	(3,000)		(5,652)
Braemar ACM Group Limited	**(13,102)**	**14,368**	**2,948**	–	–	(1,266)
Braemar ACM Valuations Limited	**339**	**–**	**339**	–	–	–
Braemar Holdings (USA) Inc	**1,298**	**–**	**1,298**	–	–	–
Portabella Limited	**–**	**–**	**(525)**	–	–	(525)

A list of the Group's subsidiary undertakings is below. Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. All entities primarily operate in their country of incorporation.

Subsidiaries

Direct holdings of the Company:

Incorporated in the UK

One Strand, Trafalgar Square, London, WC2N 5HR	Principal activity	One Strand, Trafalgar Square, London, WC2N 5HR	Principal activity
Braemar ACM Group Limited	Holding company	Seascope Capital Services Limited	Dormant
Braemar Technical Services Holdings Limited	Holding company	GFL (UK) Limited	Dormant
Cory Brothers Shipping Agency Limited	Ship agents/logistics	Seascope Shipping Investments Limited	Dormant
Braemar Shipbrokers Limited	Shipbroking	Portabella Limited	Dormant
BS Energy Services Limited	Dormant	Braemar Marine Limited	Dormant

Indirect holdings of the Company:

Incorporated in the UK

One Strand, Trafalgar Square, London, WC2N 5HR	Principal activity	One Strand, Trafalgar Square, London, WC2N 5HR	Principal activity
Braemar ACM Shipbroking Limited	Shipbroking	Braemar Maritime Limited	Dormant
Braemar ACM Valuations Limited	Valuations	Braemar Burness Maritime Limited	Dormant
Braemar ACM Shipbroking (Dry Cargo) Limited	Shipbroking	Burness Marine (Gas) Limited	Dormant
ACM Shipping USA Limited	Shipbroking	Burness Marine (Tankers) Limited	Dormant
Braemar ACM Shipbroking Group Limited	Shipbroking	Braemar Container Shipping and Chartering Limited	Dormant
Cagnoil Limited	Shipbroking	Braemar Seascope Shipping Limited	Dormant
Orca Shipping Limited	Shipbroking	Seascope Sale & Purchase Limited	Dormant
Braemar Futures Limited	Shipbroking	Seascope Projects Limited	Dormant
Braemar Technical Services (Adjusting) Limited	Energy loss adjuster	Seascope Shipping Services Limited	Dormant
Braemar Technical Services (Engineering) Limited	Energy consultants	Seascope Shipping Limited	Dormant
Braemar Technical Services Limited	Marine consultants	Braemar Seascope (Beijing) Limited	Dormant
Braemar Response Limited	Environmental services	ACM Shipping Services Limited	Dormant
Braemar Developments Limited	Dormant	Alchemy Trading Company Limited	Dormant
Braemar Chartering Limited	Dormant	ACM Sale & Purchase Limited	Dormant
Wavespec (North East) Limited	Dormant	ACM Tankers Limited	Dormant
Braemar Seascope Technical Services Limited	Dormant	ACM Shipping EBT Limited	Dormant
Braemar Tankers Limited	Dormant	ACM Shipping CIS Limited	Dormant

Claremont Buildings, Old Clatterbridge Road, Bebington, Merseyside, CH63 4JB	Principal activity	Claremont Buildings, Old Clatterbridge Road, Bebington, Merseyside, CH63 4JB	Principal activity
Fred. Olsen Freight Limited	Ship agents/logistics	Morrison Shipping Agency Limited	Dormant
CB (Newcastle) Limited	Dormant	Morrison Tours Logistics Limited	Dormant
Cory Logistics Limited	Dormant	Persona Logistics Services Limited	Dormant
Freight Action Limited	Dormant	Planetwide Group Limited	Dormant
Gorman Cory Shipping Agency Limited	Dormant	Planetwide Limited	Dormant
Lemstock Limited	Dormant	Red Dragon Line Limited	Dormant
London Central Cruise Moorings Limited	Dormant	ShipTrak Limited	Dormant
Lawrence Holt & Co Limited	Dormant	South African Liner Services Limited	Dormant

The MPSC, Milford Docks, Milford Haven, Pembrokeshire, SA73 3AQ	Principal activity	Navarm House West Approach Road, Woolavington, Puriton, Somerset, TA7 8AD	Principal activity
Braemar Howells Consultancy Ltd	Environmental services	Cory Navarm Logistics Limited *(60% owned)*	Ship agents/logistics

4 Shore Place, Leith, Edinburgh, EH6 6SW	Principal activity
Morrison Shipping Limited	Dormant
Morrison Tours Limited	Dormant

Incorporated in Singapore

Great Eastern Centre, 1 Pickering Street – #8/01, Singapore 048659	Principal activity	Great Eastern Centre, 1 Pickering Street – #8/01, Singapore 048659	Principal activity
Braemar ACM Shipbroking Pte Limited	Shipbroking	Braemar Technical Services Pte Limited	Marine consultants
Braemar Technical Services (Offshore) Pte Limited	Marine consultants	Cory Brothers Shipping Agencies Pte Limited	Ship agents/logistics
Braemar Technical Services Engineering Pte Limited	Energy consultants	ACM Shipping Asia Pte Limited	Shipbroking
Braemar Technical Services (Adjusting) Pte Limited	Energy loss adjuster	ACM Shipping Dry Cargo Asia Pte Limited	Shipbroking

Incorporated in the US

2800 North Loop West, Suite 900, Houston, Texas 77092, USA	Principal activity	2800 North Loop West, Suite 900, Houston, Texas 77092, USA	Principal activity
Braemar Holdings (USA) Inc	Holding Company	Braemar Technical Services Inc	Marine consultants
Braemar ACM Shipbroking USA Inc	Shipbroking	Cory Brothers (USA) Inc	Ship agents/logistics
Braemar Technical Services (USA) Inc	Energy loss adjuster	Braemar Technical Services LLC	Dormant

Incorporated in Australia

Level 5, 432 St Kilda Road, Melbourne, Victoria 3004, Australia	Principal activity	Unit 4, Churchill Court, 335 Hay Street, Subiaco, Western Australia 6008	Principal activity
Braemar ACM Shipbroking Pty Limited	Shipbroking	Braemar Technical Services (Offshore) Pty Limited	Marine consultants
ACM Shipping Endeavour Holdings Pty Limited	Shipbroking		
ACM Shipping Endeavour Pty Limited	Shipbroking		

Incorporated in other overseas countries

Unit No. 17A & 17B GF, Vasant Square, Plot No. A, Sector B, Community Centre, Pocket V, Vasant Kunj, New Delhi – 110070	Principal activity	Shanghai Bund International Tower, 99 Huangpu Road, 1101, Shanghai 200080, China	Principal activity
Braemar ACM Shipbroking India Private Limited	Shipbroking	Braemar Technical Services (Offshore) Shanghai Pte Limited	Marine consultants

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

31 RELATED PARTY TRANSACTIONS continued

Incorporated in other overseas countries

	Principal activity
Unit No. 17A & 17B GF, Vasant Square, Plot No. A, Sector B, Community Centre, Pocket V, Vasant Kunj, New Delhi – 110070	Principal activity
Braemar ACM Shipbroking India Private Limited	Shipbroking
Piazza 2 Giugno No 14, 54033 Carrara Italy	Principal activity
Braemar Seascope Italia SRL	Shipbroking
5th Floor, Dahanukar Bldg, 480, Kalbadevi Road, Mumbai, 400002, India	Principal activity
ACM Shipping India Limited	Shipbroking
Suite 2009, Building C Luneng International Center, No.211, GuoYoa Road, Pudong District, Shanghai, 200126	Principal activity
Braemar ACM Shipbroking (Shanghai) Limited	Shipbroking
24 Grassy Plain Street - Ste 4, Bethel, CT 06801-1700 USA	Principal activity
ACM Shipping USA LLP	Shipbroking
Unit number AG-14-E, AG Tower, Plot number JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates	Principal activity
Braemar ACM Shipbroking DMCC	Shipbroking
P. O. Box 556, Main Street, Charlestown, Nevis	Principal activity
Braemar Technical Services Holdings Pte Limited	Marine consultants
Suite 1603, 16th Floor, Wisma Lim Foo Yong, 86 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	Principal activity
Braemar Technical Services (Offshore) Sdn Bhd	Marine consultants
Wisma Kodel 2nd Floor, Jl H.R. Rasuna Said, Kav. B-4, Jakarta 12910	Principal activity
PT Braemar Technical Services (Offshore) (49% owned)	Marine consultants
Suite 550 Petrovietnam Tower, 8 Hoang Dieu Street, Vung Tau City, Vietnam	Principal activity
Braemar Technical Services (Offshore) Vietnam Co Limited	Marine consultants
4/222 Harbour Mall Building, Floor 5, Room No. 5B04 – 5B05, Moo 10, Sukhumvit Road, Tambol Thung Sukla, Amphur Sriracha, Chonburi, Thailand	Principal activity
Braemar Technical Services (Offshore) Thailand Co Limited	Marine consultants

	Principal activity
Shanghai Bund International Tower, 99 Huangpu Road, 1101, Shanghai 200080, China	Principal activity
Braemar Technical Services (Offshore) Shanghai Pte Limited	Marine Consultants
801/A, Malhotra Chambers, Off. Govandi Station Road, Govandi (East), Mumbai – 400088, India	Principal activity
Braemar Technical Services (Offshore) India Pvt Limited	Marine consultants
Suite 400 736, 8th Avenue SW, Calgary AB, Canada T2P 1H4	Principal activity
Braemar Technical Services (Canada) Limited	Energy loss adjuster
Dubai World Trade Centre Building 15th Level, PO Box 9222 Dubai, United Arab Emirates	Principal activity
Braemar Technical Services Adjusting Dubai	Energy loss adjuster
311/312 Bairro Barra da Tijuca, Rio de Janeiro/RJ. Cep. 22620-172, Brazil	Principal activity
BTS Consultores Ltda	Dormant
Soganlik Yeni Mah Balikesir Cad Teknik Yapi Uprise Residence F.27 No.231 Kartal, Istanbul Turkey	Principal activity
Braemar Teknik Servis Denizcilik Limited Sirketi	Marine consultants
13 Foregate Square, Table Bay Boulevard, Cape Town 8000, South Africa	Principal activity
Braemar Technical Services SA (Pty) Limited	Marine consultants
Office No.801, 8th Floor, Abdulla Bin Darwish Bldg, Salam Street, Po Box 47664, Abu Dhabi, UAE	Principal activity
Braemar Technical Services LLC	Marine consultants
Strawinskylaan 31278e verdiepin, Amsterdam, 1077 ZX, Netherlands	Principal activity
Braemar LNG BV	Engineering consultants
WTC Schipol Airport, Schipol Boulevard 231, 118 BH Amsterdam Schipol, Netherlands	Principal activity
FSP LNG B.V. (33% owned)	Engineering consultants
Fosfaatweg 48, Amsterdam, 1013 BM, NL	Principal activity
Cory Brothers (The Netherlands) B.V.	Ship agents / logistics

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT

Continuing operations	12 months to 28 February 2017 £'000	12 months to 29 February 2016 £'000	12 months to 28 February 2015 (Restated) £'000	12 months to 28 February 2014 £'000	12 months to 28 February 2013 £'000
Group revenue	**139,842**	159,125	145,601	125,531	139,684
Other operating expenses	**(136,347)**	(145,367)	(134,070)	(116,248)	(128,856)
Specific items (net)	**(3,829)**	(3,445)	(5,948)	(432)	(1,498)
Total operating expenses	**(140,176)**	(148,812)	(140,018)	(116,680)	(130,354)
Operating (loss)/profit	**(334)**	10,313	5,583	8,851	9,330
Interest income/(expenses) (net)	**(303)**	(387)	(293)	196	255
Share of profit/(loss) from joint ventures	**–**	–	(162)	(88)	62
Profit before taxation	**(637)**	9,926	5,128	8,959	9,647
Taxation	**148**	(2,826)	(2,187)	(2,268)	(2,447)
Profit after taxation	**(489)**	7,100	2,941	6,691	7,200
Dividends					
Interim	**2,838**	2,659	2,694	1,915	1,870
Final proposed	**1,476**	4,990	4,989	3,572	3,526
	4,314	7,649	7,683	5,487	5,396
Earnings per ordinary share – pence					
Basic – underlying	**8.73p**	34.70p	32.28p	33.51p	34.47p
Diluted – underlying	**7.90p**	31.53p	29.48p	32.13p	33.36p

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED BALANCE SHEET

	As at 28 February 2017 £'000	As at 29 February 2016 £'000	As at 28 February 2015 £'000	As at 28 February 2014 £'000	As at 28 February 2013 £'000
Assets					
Goodwill	**77,806**	76,912	76,254	30,091	30,547
Other intangible assets	**2,215**	2,684	3,117	1,369	1,524
Property, plant and equipment	**4,561**	5,104	4,862	5,898	6,165
Investments	**1,356**	1,537	1,528	1,715	1,796
Deferred tax assets	**3,584**	2,177	1,548	1,644	1,021
Other receivables	**385**	355	244	242	261
	89,907	88,769	87,553	40,959	41,314
Current assets					
Trade and other receivables	**57,199**	58,135	57,442	47,386	44,621
Assets held for sale	**–**	–	–	601	–
Cash and cash equivalents	**7,674**	11,497	16,289	13,694	23,616
	64,873	69,632	73,731	61,681	68,237
Total assets	**154,780**	158,401	161,284	102,640	109,551
Liabilities					
Current liabilities					
Trade and other payables	**46,707**	44,253	42,332	32,847	36,343
Short-term borrowings	**622**	1,800	6,800	–	–
Current tax payable	**996**	1,640	757	2,112	1,638
Provisions	**854**	729	1,273	410	413
Liabilities held for sale	**–**	–	–	1,119	–
Client monies held as escrow agent	**–**	–	–	–	339
	49,179	48,422	51,162	36,488	38,733
Non-current liabilities					
Long-term borrowings	**–**	500	2,300	–	–
Deferred tax liabilities	**836**	430	825	531	612
Provisions	**288**	533	1,242	335	363
Pension deficit	**4,305**	1,211	1,482	–	–
	5,429	2,674	5,849	866	975
Total liabilities	**54,608**	51,096	57,011	37,354	39,708
Total assets less total liabilities	**100,172**	107,305	104,273	65,286	69,843
Equity					
Share capital	**3,018**	3,011	2,998	2,167	2,165
Share premium	**52,510**	52,314	51,970	12,218	12,150
Shares to be issued	**(2,962)**	(3,439)	(3,611)	(2,934)	(3,309)
Other reserves	**28,951**	26,474	24,950	23,719	27,630
Retained earnings	**18,655**	28,945	27,966	30,116	30,962
	100,172	107,305	104,273	65,286	69,598
Minority interest	**–**	–	–	–	245
Total equity	**100,172**	107,305	104,273	65,286	69,843

SHAREHOLDER INFORMATION

OFFICE
Braemar Shipping Services plc
One Strand
Trafalgar Square
London
WC2N 5HR
Company number: 2286034

REGISTRARS
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Telephone: 0871 664 0300

CORPORATE STOCKBROKER
Stockdale Securities
Beaufort House
15 St. Botolph Street
London
EC3A 7BB

PUBLIC RELATIONS
Buchanan
107 Cheapside
London
EC2V 6DN

LEGAL ADVISER
CMS Cameron McKenna Nabarro
Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

BANKERS
HSBC Bank Plc
Surrey and Sussex Corporate Banking Centre
Ground Floor
1 London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

INDEPENDENT AUDITORS
KPMG LLP
15 Canada Square
London
E14 5GL

OFFICES AND CONTACTS

SHIPBROKING

Businesses:
Braemar ACM Shipbroking

Principal offices:
One Strand
Trafalgar Square
London
WC2N 5HR

Great Eastern Centre
1 Pickering Street – #8/01
Singapore 048659

432 St. Kilda Road
Melbourne
Victoria 3004
Australia

2800 North Loop West
Suite 900
Houston TX77092
US

Web address:
www.braemaracm.com

TECHNICAL

Businesses:
Braemar Offshore
Braemar Adjusting
Braemar Engineering
Braemar Marine
Braemar Response

Principal offices:
Great Eastern Centre
1 Pickering Street – #8/01
Singapore 048659

2800 North Loop West
Suite 900
Houston TX77092
US

5th Floor
6 Bevis Marks
London
EC3A 7BA

Web address:
www.braemar.com

LOGISTICS

Businesses:
Cory Brothers Shipping Agency
Cory Logistics

Principal offices:
Claremont Buildings
Old Clatterbridge Road
Bebington
Cheshire
CH63 4JB

Cory House
Haven Exchange
Felixstowe
Suffolk
IP11 2QX

Great Eastern Centre
1 Pickering Street – #8/01
Singapore 048659

2800 North Loop West
Suite 900
Houston TX77092
US

Web address:
www.corybrothers.com

TIMETABLE

AGM:	22 June 2017
Ex dividend date for 2016/17 final dividend:	29 June 2017
2016/17 Final dividend record date:	30 June 2017
2016/17 Final dividend payment date:	28 July 2017
2017/18 Interim results announcement:	23 October 2017

Designed and produced by Emperor
emperor.works +44 (0)20 7729 9090

One Strand
Trafalgar Square
London WC2N 5HR
United Kingdom
Telephone: +44 (0)20 3142 4100

WWW.BRAEMAR.COM