BRAEMAR

THE HOME OF INTEGRATED MARITIME+ENERGY SERVICES

BRAEMAR SHIPPING SERVICES PLC | ANNUAL REPORT 2018

A LEADING INTERNATIONAL PROVIDER

Braemar provides expert market knowledge, professional skills and advice 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 four operating divisions: Shipbroking, Technical, Logistics and Financial.

For more information
See pages 2-3

2018 Performance

STRATEGIC REPORT

GOVERNANCE REPORT

FINANCIAL STATEMENTS

1 Alternative Profit Measures ("APMs")
Braemar uses APMs as key financial indicators to assess the underlying performance of the Group. Explanations of APM terms and their calculation are shown in summary above and in detail in our Financial Review. Note that comparative APMs have been restated to reflect the reclassification of discontinued operations in the current year.

Online information
Visit our website: www.braemar.com/investors

REVENUE

£133.4m
(2017: £135.9m)

UNDERLYING OPERATING PROFIT[1]

£8.2m
(2017: £4.2m)

REPORTED OPERATING (LOSS)/PROFIT

£(0.9)m*
(2017: £0.5m*)
*after incurring Specific items of £9.1m (2017: £3.7m)

UNDERLYING BASIC EARNINGS PER SHARE[1]

21.14p
(2017: 10.7p)

REPORTED BASIC LOSS PER SHARE

(9.70)p
(2017: (1.66)p)

FULL YEAR DIVIDEND PER SHARE

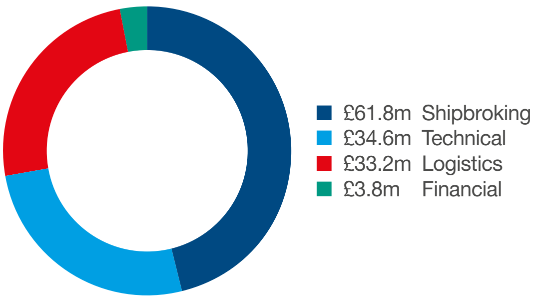
15.0p
(2017: 14.0p)

Technical division has returned to profitability during the second half of 2017/18 and, although new project activity has been low, we are now seeing more enquiries and tenders.
The newly acquired **Financial** division, Braemar-NAVES, achieved a strong financial performance ahead of expectations and is proving to be a good strategic fit within the Group. Positive synergies with other divisions are already evident.
Shipbroking division has traded in line with market expectation despite the continuing weaker tanker sector. The forward order book has strengthened by 13% to $44m (2016/17: $39m). The division has attracted a number of high value recruits in key market segments whose positive impact should be felt in the medium term.
Logistics, the smallest division, performed reasonably well despite reduced market activity. Performance for the year was adversely affected by a post year end settlement of £0.75m for an historic claim relating to activity in the early 2000s.

Braemar at a glance

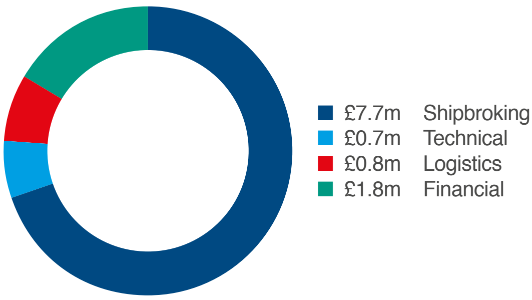
PROVIDING HIGHLY SKILLED SERVICES ON A GLOBAL SCALE

REVENUE



£133.4m

UNDERLYING OPERATING PROFIT



£8.2m (after central costs of £2.9m)

Braemar is a leading international provider of broking, financial, consultancy, technical and logistics services to the shipping, marine, energy, offshore and insurance industries.

WHAT WE DO

The Group provides a range of highly skilled services to our clients in the shipping, marine and energy markets through its global office network.

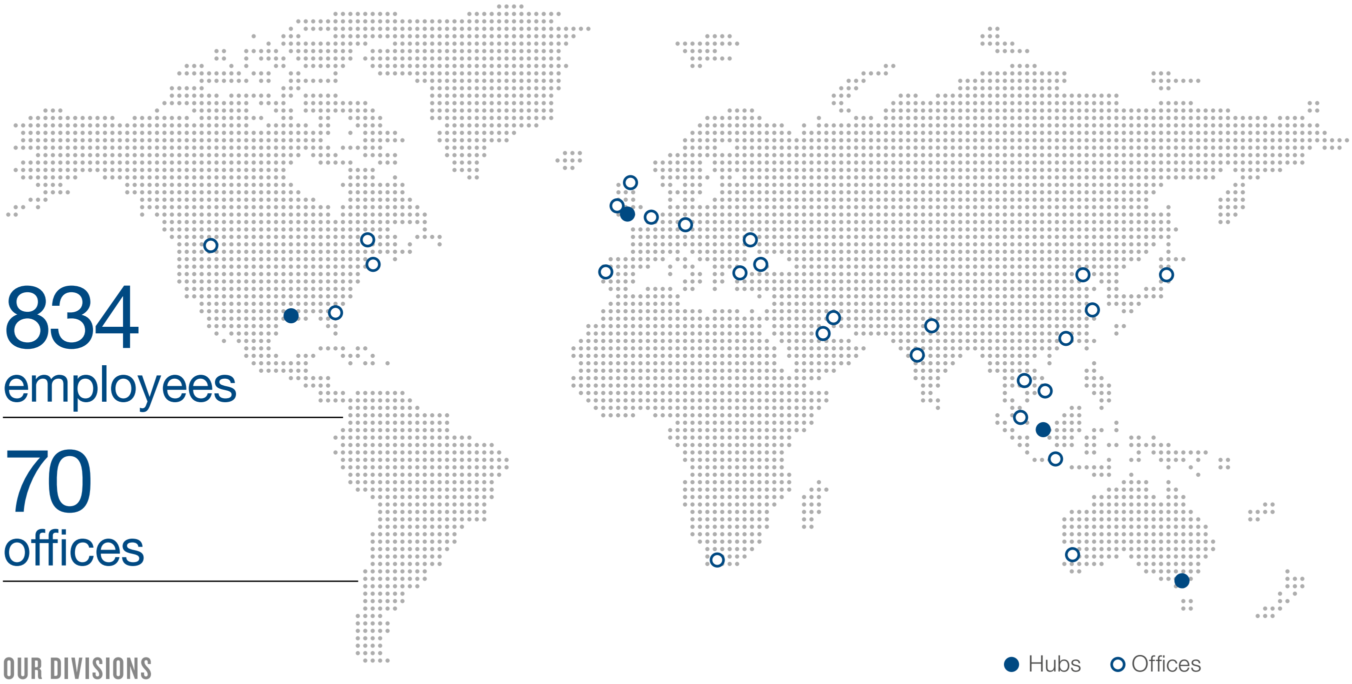
We also provide technical consultancy and other services to shipowners and charterers of vessels, insurance underwriters and major energy companies.

We aim to build long-term relationships with our clients based on a deep understanding of their needs and delivery of a top quality service. Sometimes clients are looking for a "one-stop shop" of commercial, technical and financial services which we are well-equipped to provide.

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

GLOBAL COVERAGE

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



834
employees

70
offices

OUR DIVISIONS

SHIPBROKING

REVENUE

£61.8m

For more information
See pages 10–13

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

Braemar ACM's brokers have specialist expertise and collectively we cover the majority of shipping sectors.

Whether facilitating sale and purchase transactions, arranging spot or time charters or providing market analysis, our teams are dedicated to their clients' needs. As we operate in most sectors of the shipping market, there is a natural diversification within our broking operations since the shipping sectors can be affected by separate supply and demand drivers.

TECHNICAL

REVENUE

£34.6m

For more information
See pages 14–17

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 skill base which covers loss adjusting and project work for the energy markets, vessel condition surveys, marine warranty surveys, marine engineering and vessel design and consultancy.

LOGISTICS

REVENUE

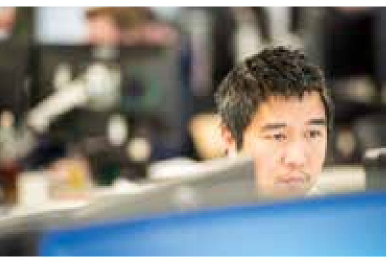
£33.2m

For more information
See pages 18–21

The logistics business trades as "Cory Brothers" and has been active in ship agency and logistics for over 175 years. Cory is a leading UK port agent with a presence in Singapore, Amsterdam and Houston. The role of a port agent is to assist our clients' vessels in transiting through ports, with the aim of making the process as efficient and cost effective as it can be.

We also provide freight forwarding and logistics solutions for clients who require a tailored service. We can provide a first-class service through the use of bespoke systems which generate critical management information and KPIs for our clients.

FINANCIAL



REVENUE

£3.7m

For more information
See pages 22–25

Braemar's newest division, Financial, was created by the acquisition of NAVES in September 2017. The business now trades as Braemar-NAVES and provides maritime related corporate finance advice to international clients covering finance advisory, M&A, asset brokerage, interim/pre-insolvency management and financial asset management including loan servicing.

The business was established in 2009 and is headquartered in Hamburg, Germany, and has a strong track record of delivering successful advisory services.

Chairman's statement

COMMITTED TO DELIVER LONG TERM VALUE

David Moorhouse CBE, Chairman

5 YEAR UNDERLYING EARNINGS PER SHARE
Pence

21.14p +97%

2018	**21.14**
2017	10.72
2016	34.70
2015	32.28
2014	33.51

5 YEAR DIVIDEND PER SHARE
Pence

15.0p +7%

2018	**15.0**
2017	14.0
2016	26.0
2015	26.0
2014	26.0

The Board is committed to a long-term strategy of increasing value for shareholders by developing its diversified portfolio of broking and advisory businesses within their market sectors.

Braemar's underlying performance for 2017/18 showed a marked improvement on the previous year due to the actions taken in the Technical division to re-scale the business for the market environment. During last year we also achieved several strategic objectives by entering new markets through the acquisitions of Braemar-NAVES and Braemar Atlantic. We believe that having a strong presence in the maritime financial advisory and dry freight and commodity derivatives markets is important for the long term strategy and growth of the Group.

RESULTS FOR THE YEAR
Revenue for the year was £133.4 million which compared with £135.9 million in 2016/17. Underlying operating profit from continuing operations was considerably higher at £8.2 million compared with £4.2 million in 2016/17 and underlying earnings per share were 21.14 pence compared with 10.72 pence last year. The IFRS accounting treatment applied in respect of the acquisitions of NAVES Corporate Finance GmbH and Atlantic Brokers Holdings Limited, means that the Group posted a loss before tax from continuing operations of £2.4 million (compared with a profit in the previous year of £0.2 million) and a basic loss per share of 9.70 pence (2016/17: 1.66 pence).

The Shipbroking division, the largest division of the Group, performed well in mixed conditions achieving solid underlying results. We also invested in our teams through targeted recruitment, especially in the dry cargo sector which we intend to build to match the representation and strength of our tanker teams. Our forward order book has increased by 13% to $44 million compared with $39 million at the start of the year. The Group completed the acquisition of Atlantic Brokers Holdings Limited towards the end of the year and now forms part of the Shipbroking division to increase the breadth of our service offering.

I am pleased to report our Technical division, following management action taken, achieved a turnaround in performance, with an underlying operating profit of £0.7 million compared with an underlying operating loss of £2.2 million in the prior year. The key drivers of the improved performance have been the restructure of our activities and resultant cost reductions, combined with increased staff utilisation. Logistics, our smallest division, reported a lower level of underlying operating profit compared with the prior year, mainly because we were adversely impacted by a significant one-off charge in the year in settlement of an historic claim relating to activity in the early 2000s. The underlying business performed steadily.

Our new Financial division has performed well in the period, contributing £1.8 million of underlying operating profit. This division was created following the acquisition of Braemar-NAVES Corporate Finance GmbH in September 2017 which has given the Group access to the valuable maritime financial advisory market through an

established, successful business. We intend to develop the business both geographically and by addition of other financial advisory skills.

DIVIDEND

The Directors are recommending, for approval at the Annual General Meeting on 22 June 2018, a final dividend of 10.0 pence per share.

This dividend will be paid on 27 July 2018 to those on the register at close of business on 22 June 2018. Together with the 5.0 pence interim dividend, the Company's dividend for the year will be 15.0 pence (2017: 14.0 pence) representing an increase of 7%. The Board's stated objective remains to pay a dividend approximately covered by 1.5x earnings from underlying operations and this year's dividend cover of 1.4x is a strong step towards this.

BOARD OF DIRECTORS

I am delighted that, as announced on 22 June 2017, Lesley Watkins FCA joined the Board and has subsequently assumed the role of Chair of the Audit Committee and Senior Independent Director, succeeding Alastair Farley who stepped down from the Board in December 2017. I would like to thank Alastair for all his hard work and invaluable advice to the Group during his time with Braemar.

COLLEAGUES

The calibre of our people is at the centre of what we do and it is their commitment and creativity that enables Braemar to build our brand and reputation to develop our business. The Board would like to thank our staff for their efforts on behalf of the Group during the year. We also extend a warm welcome to all our new colleagues who joined the Group during the year.

OUTLOOK

We expect world trade and global shipping demand to continue to grow, in line with economic growth projections, notwithstanding recent political developments over trade.

At this point in the cycle, tanker freight rates are relatively low and, with the growth in the fleet, we are unlikely to see a recovery before next year. The dry bulk market has been recovering and we expect this to continue through the year. In the medium term it is quite likely that we will see an increase in demolition as new environmental legislation takes effect by 2020.

Our Financial division is expected to increase its contribution to the Group's underlying operating profits due to the full year effect of ownership and the success it is having in developing its advisory business.

We expect the Technical and Logistics divisions to continue their recent recovery trends. We wait to see what impact, if any, Brexit may have on our Logistics business over the medium term.

Overall the Group is well structured and balanced following the investments made this year and we are better equipped to reap reward through the cycle.

David Moorhouse CBE
Chairman
14 May 2018

KEY STRATEGIC PRIORITIES

Our key strategic priorities are to:

- Maximise returns from all divisions at varying stages of the business cycle
- Build the breadth of our client service offering
- Focus on strategic recruitment in key market segments
- Improve the geographical distribution of our services
- Exploit opportunities arising from our unique intragroup synergies

During 2017/18 we:

- Returned the Technical Division to profit
- Entered the financial advisory market via the acquisition of Braemar-NAVES
- Entered the commodity derivatives sector via the acquisition of Braemar Atlantic
- Executed our strategic recruitment plan to build key shipbroking segments
- Stabilised the Logistics division following management change

For more information
See pages 8-9

Chief Executive's statement

CREATING
A STRUCTURE SUITABLE FOR THE FUTURE

James Kidwell, Chief Executive

REVENUE
£million

133.4m -2%

2018	**133.4**
2017	135.9
2016	159.1
2015	145.6
2014	125.5

UNDERLYING OPERATING PROFIT
£million

8.2m +93%

2018	**8.2**
2017	4.2
2016	13.5
2015	11.2
2014	9.4

"The investments during the year give the Group a better balance and a wider range of complementary skills."

STRATEGY

Our long-term strategy is to build the Group through acquisition and organic growth by developing the range of broking and advisory services we offer across our global network.

In line with this strategy, we completed two acquisitions in 2017/18 and continue to review opportunities where they fit with our long-term objectives. We also look to develop the business organically, specifically targeting recruitment of key individuals or teams to expand the Group in growth markets in which we are underrepresented.

We are mindful of the challenges our industry could face from digital disruption and potential disintermediation of existing business channels and have been working with a highly regarded group of technology sector experts to assess our industry and operating environments. We believe that there are market facing digital opportunities which can offer shareholder value, although the risk/reward ratios require careful scrutiny.

During the course of the year we took the decision to divest Braemar Response. It contributed strongly during its time in the Group, but we believe it would benefit from scale and the prioritisation of capital requirements within the Group mean that it would benefit from having an alternative owner. We are currently engaging with several interested parties and expect to conclude a transaction shortly.

Our ongoing investment in our global IT infrastructure continued during the year. Our focus is on improved business management tools to facilitate cross business working and improved client service.

We remain committed to the development of all our staff so that individuals' careers can grow over time and to enable the possibility of internal succession planning taking place.

TRADING PERFORMANCE

Braemar is a diversified group which offers a broad range of services including expert market knowledge, professional skills and advice to the shipping and energy markets.

Despite slightly lower headline revenue, the Group increased underlying operating profits by 93% compared to the prior year. The two acquisitions completed in the year have started strongly and the Group is looking forward to their continued integration with our existing operations.

Revenue in our Shipbroking division in 2017/18 was £61.8 million compared with £63.1 million in 2016/17 and underlying operating profit was £7.7 million compared with £7.9 million in 2016/17. Overall divisional revenues and underlying operating profits were slightly lower than 2016/17 though we increased our transaction volumes in virtually all sectors.

CASE STUDY

ACQUISITION OF NAVES CORPORATE FINANCE GmbH

The Group had been looking for high quality acquisitions for some time as a key part of Braemar's growth strategy. NAVES not only introduced a new service offering for Braemar, enhancing the "full service" offer to our customers and our access to the important German shipping market.

The acquisition allowed entrance to the valuable maritime financial advisory market through an established business. Collaboration between Braemar-NAVES and the Group's other operating divisions gives the enlarged Group the opportunity to increase client services.

The acquisition has delivered strong financial performance to date and is proving to be a good strategic fit within the Group.

For more information
See pages 22-25

The acquisition of Atlantic Brokers towards the end of the financial year has had little impact on the financial results, although it represents an important investment in our future market coverage as it enables Braemar to offer both physical shipping and derivative broking services to our clients. We have also successfully targeted our recruitment activity to attract key individuals and teams in growth markets where we are currently underrepresented.

The Group completed a reorganisation of the Technical division during 2016/17 and the reduced cost base and improved staff utilisation resulted in the division's return to underlying operating profit during the year. The division continued to be impacted by low levels of oil and gas exploration and production development activity but market indicators, together with the rise in the oil price, show this is starting to improve.

Revenue in the Logistics division reduced slightly from £33.9 million to £33.2 million and underlying operating profit was £0.8 million compared with £1.3 million in 2016/17. Our port agency business performed well in 2017/18 but was adversely impacted by a £0.5 million one-off charge relating to an historic legal claim (the total settlement of £0.75 million was partially provided in a prior year). The freight forwarding side of the business, whilst remaining profitable, faces an increasingly competitive market place, which makes our business more reliant on providing bespoke freight managed services. We have put a new management team in place in this division during the year and continue to develop our strategy to win new business.

Our new Financial division performed ahead of expectations and posted strong revenues and underlying operating profit during the period since the acquisition of Braemar-NAVES in September 2017. The post acquisition results represent 5 months trading and we expect the division to contribute a larger share of the Group's underlying operating profits in the coming year with the inclusion of a full year's trading. We are pleased with how this division is performing and, as well as offering high value services to its existing client base, it is a good fit with our other businesses.

Following the tough 2016/17 year, I am pleased that the Group was able to improve underlying profitability in 2017/18. The investments during the year give the Group a better balance and a wider range of complementary skills, better equipping us to ride the cycle and prosper in future.

James Kidwell
Chief Executive
14 May 2018

Business model

Our business model is based on the provision of knowledge and technical skills for our client's benefit.

KEY RESOURCES AND RELATIONSHIPS

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

TECHNOLOGY
- Bespoke information systems
- Global, proprietary processes
- Technical services and consultancy

BRAND
- Strong reputation
- Common Braemar branding
- Brand association for acquisitions

SCALABILITY
- Strong global presence
- Organic and acquisitive growth

DIVERSIFIED PORTFOLIO
- Complementary business
- Optimisation of cash generation

SHIPBROKING

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.

REVENUE

£61.8m

UNDERLYING OPERATING PROFIT

£7.7m

LOGISTICS

As a leading port and hub agent, we provide onshore services to facilitate the passage of our clients' vessels as they transit through ports mainly in Europe, Singapore and the USA. We also offer bespoke freight forwarding solutions for high value and complex cargoes.

REVENUE

£33.2m

UNDERLYING OPERATING PROFIT

£0.8m

DELIVERING OUR STRATEGIC PRIORITIES

For more information
See pages 10-25

UNDERPINNED BY OUR VALUES

PEOPLE
Our people are the most important part of our business and the key to our success.

CULTURE
We aim to engender a culture that strives for excellence. Our teams are motivated to excel at all levels.

CLIENTS
We aim to meet and exceed our clients' needs by focussing on quality of service and innovation.

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

STRATEGIC PRIORITIES

- Developing our people
- Adapting our service offering
- Expanding our geographic footprint
- Investing in our teams

TECHNICAL

Braemar's Technical division has a broad technical skill base which covers loss adjusting and project work for the energy markets, vessel condition surveys, marine warranty surveys, marine engineering and vessel design.

REVENUE

£34.6m

UNDERLYING OPERATING PROFIT

£0.7m

FINANCIAL

Braemar's newest division, Financial, was created following the acquisition of Braemar-NAVES in September 2017. The business has a strong track record and fits well into the Braemar Group, providing opportunities for increased client services alongside Braemar's existing divisions.

REVENUE

£3.7m

UNDERLYING OPERATING PROFIT

£1.8m

THE VALUE WE CREATE

FOR EMPLOYEES

We provide rewarding careers for our employees.

834
EMPLOYEES

58%
EQUITY SCHEME PARTICIPATION

FOR SHAREHOLDERS

We create long-term returns for our shareholders.

21.14p
UNDERLYING BASIC EARNINGS PER SHARE

15.0p
FULL YEAR DIVIDEND PER SHARE

FOR CLIENTS

We provide high quality service across a range of markets and geographies.

70
OFFICES IN

30
COUNTRIES

GROWTH

We expect to create long-term and sustainable growth.

29
NEW STAFF VIA ACQUISITIONS

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, of our contractors and of our clients.

RISK

We understand risk and seek to manage it for our stakeholders and our clients.

Review of operations | Shipbroking

DELIVERING A COMPREHENSIVE WORLDWIDE SHIPBROKING SERVICE

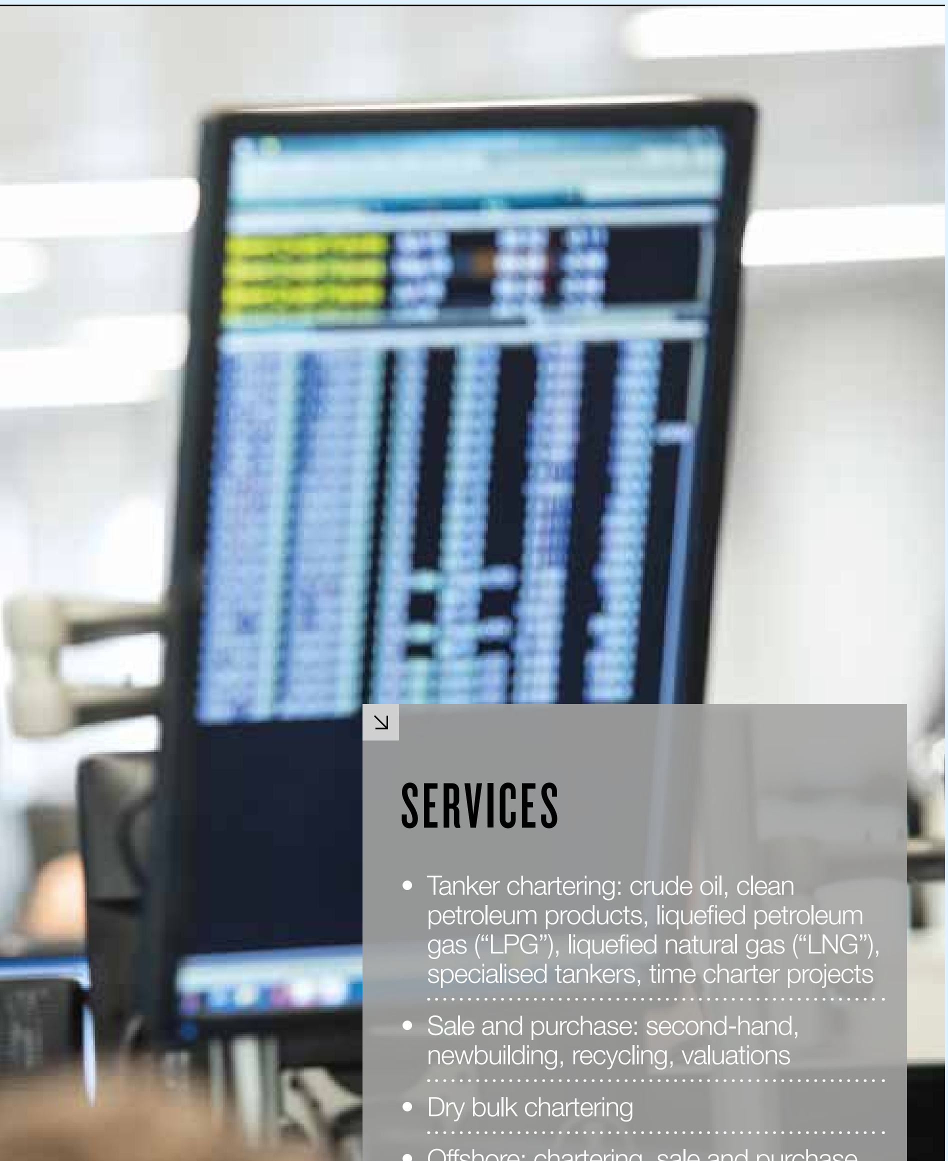
Our Shipbroking division, trading under the name Braemar ACM Shipbroking, is one of the largest shipbroking companies in the world delivering a comprehensive service. With brokers located in the key shipping cities, we cover voyage and contract chartering, sale and purchase, long-term projects and market research across all the major commercial shipping sectors.

KEY OBJECTIVES

- Maintain our market share in the tankers market
- Expand our presence in the dry cargo market
- Build our presence in the chemicals chartering market
- Build our presence regulated commodity and dry freight futures market
- Continue to develop links between the sale and purchase and Financial division
- Expand container broking team into Hamburg

GROWTH DRIVERS

- Global seaborne trade
- Transaction volumes and mix of transactions
- Market freight rates and vessel values
- Calibre and number of brokers
- Geographic presence



SERVICES

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

REVENUE

£61.8m

(2016/17: £63.1m)

Shipbroking	**61.8**	63.1

UNDERLYING OPERATING PROFIT

£7.7m

(2016/17: £7.9m)

Shipbroking	**7.7**	7.9

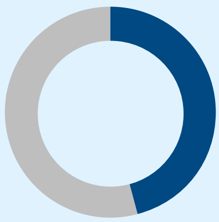
EMPLOYEES

298

(2016/17: 291)

Shipbroking	**298**
Group total	783

SHARE OF GROUP REVENUE



46%

Review of operations | Shipbroking continued

The Shipbroking division reported a solid performance in 2017/18 and the overall underlying results were comparable with the prior year.

SHIPBROKING

The markets were characterised by a weakening of tanker rates and the offshore rates remained low. However, the dry cargo market was stronger than it had been for much of the year which contributed to firm activity in sale and purchase. Transaction volumes increased in virtually all sectors and our total forward order book at the year-end had grown to $44 million from $39 million at the start of the year, of which $24 million relates to 2018/19. During the year, we sought to build our presence in the dry cargo sector by hiring several dry cargo brokers to build our teams in London, Singapore and Australia and establish a presence in Brazil.

DEEP SEA TANKERS

Our deep-sea tanker department is the largest contributor to the Shipbroking division and our global teams performed well in a turbulent market.

As expected, the deep-sea tanker market weakened further towards the end of 2017/18. Fleet size in the crude tanker market grew at a faster rate than demand for seaborne crude trade. Deliveries of new tonnage rose, and whilst demolition values experienced some improvement, the growing disequilibrium between vessel supply and demand put downward pressure on rates and income. Fleet size growth in the product tankers slowed down but the historic oversupply coupled with high product stocks reduced vessel demand and drove a decline in earnings.

In 2018/19, both crude and product tanker fleet growth is projected to fall with an expected reduction in deliveries of new tonnage and an increase in the level of ship demolition. Growth in demand for crude oil is expected from the key importing regions of China and India which are seeking crude oil supply from non-OPEC producers in the Atlantic basin. Improvements to inland and portside infrastructure in the US are expected to make their growing supply of these products available for export. US exports are expected to require larger vessels, particularly for long-haul shipments to Asia, with the result that projected tonne-mile demand growth will exceed projected supply growth. Although fleet utilisation may only be marginally better, we feel an improved trading environment could lead to an improvement in earnings, however our overall view is that 2018/19 will continue to be challenging for the tanker markets.

High stock levels of refined product have been a major factor in the weakness of the product tanker market since 2015. Inventories in OCED countries have been drawn down to the 2012–2016 average, during the year leaving the product tanker market likely to benefit from demand growth. As consumers are likely to increase their reliance on imports, this may allow increased arbitrage trade opportunities. We expect oil demand growth in many CPP importing regions during 2018/19 including Europe, Latin America and Africa. This is expected to improve CPP trade as these regions are not currently increasing local refinery capacity. We expect clean tanker demand growth will be matched by fleet growth leaving the supply and demand balance broadly unchanged.

CASE STUDY

ACQUISITION OF ATLANTIC BROKERS HOLDINGS LIMITED

Atlantic is an established introducing broker for ICE coal and CME Clearport coal futures and options. The acquisition provides the opportunity to expand the combined Braemar and Atlantic businesses into new markets using Atlantic's experience and the physical shipping capability and market reach of Braemar.

Atlantic will form a new regulated desk within the Shipbroking division and offer new product areas of the brokered commodity futures market, including iron ore derivatives, coking coal and other bulk products. In addition, we have augmented the team with the recruitment of three dry FFA brokers.

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 of the fleet of gas carriers, in the Very Large Gas Carrier ("VLGC") sector, which has continued to put pressure on freight rates in the spot market and restricted demand for time charters. However, our fixture volumes and earnings remained steady.

The LNG shipping market experienced demand growth towards the end of 2017. Japan remained the world's largest importer of LNG, while growth in Chinese demand was driven by its ongoing energy source switch from coal to LNG. South Korea also showed a noticeable increase in demand. A number of new LNG export facilities came onstream in the USA, Malaysia and Australia. Most of the new supply came from the United States and Australia, with a moderate increase in feed gas from new gas fields in Nigeria and Algeria. In 2018, we expect further new facilities to come on line in Australia, USA and Russia. These are expected to fulfil the demand growth in China.

Weakness in LPG freight rates continued during 2017 as fleet growth outpaced seaborne LPG trade, particularly in the VLGC sector. We expect a slowdown in fleet growth and increased LPG production during 2018, particularly in the USA. This, together with increasing demand in the key markets of India and China, is expected to improve rates during the forthcoming year.

DRY BULK

The dry bulk market performed well during the year due to increased demand and reduced fleet growth. We continued to develop our market presence through strategic recruitment and now have a strong global team in place which has significantly increased our transaction volume.

While the whole market is presently quite weak, we expect it to improve during 2018 across most dry bulk sectors. Chinese steel production will remain the key driver for dry bulk commodities trade be we see a rising global grain and agricultural trade which will drive sector performance in years to come.

OFFSHORE

Our offshore desk continued to experience over-supplied markets as global oil and gas exploration and production activity remained low. We are starting to see early indications of market recovery in some regions but it will take some time for oil price increases to translate into increased exploration and production expenditure. We have maintained our experienced core team in readiness for a cyclical recovery.

"Our total forward order book at the year-end had grown to $44 million from $39 million at the start of the year."

SALE AND PURCHASE AND NEWBUILDING

In 2017/18 the team concluded similar volumes of second-hand and demolition vessel transactions compared with prior year with an increase in the average value of vessels sold.

Most of the vessel sales were dry bulk carriers with reduced activity on tanker sales. With positive sentiment returning to the dry cargo market and weakened freight rates in the tanker market, this balance of activity was not unexpected.

In 2018 we expect to see an increase in demolition as new ballast water treatment regulations come into effect from 2019/20.

We were also pleased to be involved in the placing of several important tanker newbuilding orders during the year, which has enhanced the forward order book. We also were successful in arranging long term employment for the vessels which will benefit future years.

Review of operations | Technical

DELIVERING A COMPREHENSIVE WORLDWIDE TECHNICAL SERVICE

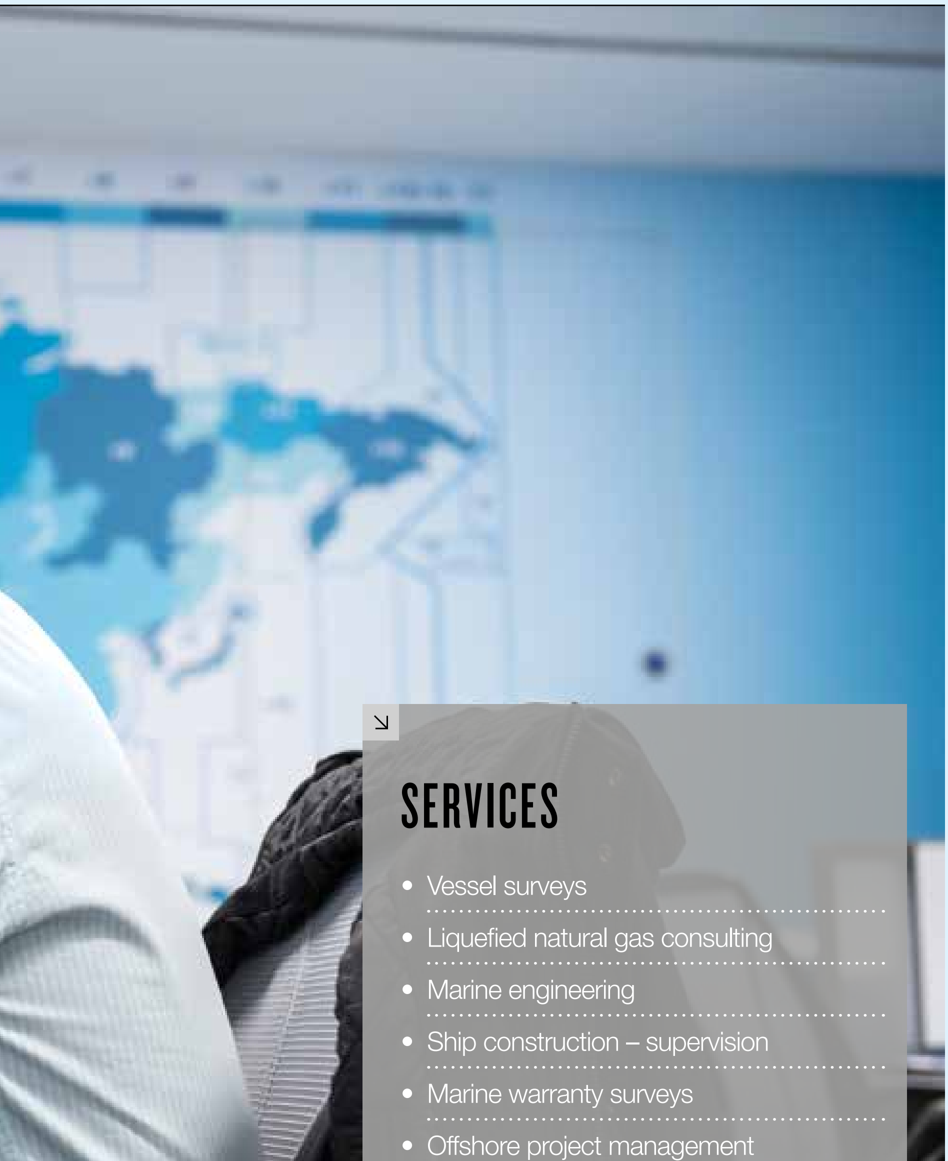
Braemar's Technical division provides loss adjusting, surveying, engineering and consultancy services to the marine, energy, offshore and insurance markets.

KEY OBJECTIVES

- Increase focus on the division's specialisms
- Enhance tendering capabilities via selective recruitment
- Utilise links with the Financial Division to provide technical due diligence services to debt and equity providers
- Conclude the sale of Braemar Response during 2018/19

GROWTH DRIVERS

- Number and scale of assignments
- Staff utilisation
- Diversity and depth of knowledge and skill base
- Volume of project activity in Offshore and LNG industry sectors and associated competitive pressures
- Geographic presence



SERVICES

- Vessel surveys
- Liquefied natural gas consulting
- Marine engineering
- Ship construction – supervision
- Marine warranty surveys
- Offshore project management
- Energy loss adjusting

REVENUE

£34.6m
(2016/17: £39.0m)

Technical	34.6
	39.0

UNDERLYING OPERATING PROFIT/(LOSS)

£0.7m
(2016/17: (£2.2m))

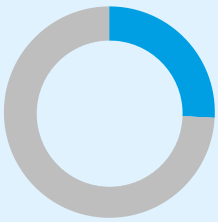
Technical	0.7
	2.2

EMPLOYEES

261
(2016/17: 303)

Technical	261
Group total	783

SHARE OF GROUP REVENUE



26%

Review of operations | Technical continued

During 2016/17, we completed a restructure of the division's business operations and leadership. This new structure took effect from the start of 2017/18 and has created greater internal and external clarity of the way we operate, as well as enabling more efficient utilisation of fee-earning staff.

TECHNICAL

We believe the Technical division is appropriately structured for future market development.

We are pleased to report a turnaround in financial performance, with an underlying operating profit of £0.7 million compared with an underlying operating loss of £2.2 million in the prior year. The improved performance is despite continued market challenges and a fall in turnover of £4.4 million to £34.6 million. The key drivers to this improved performance were cost control measures that were implemented in the prior year, combined with increased utilisation of our staff. This has been achieved despite a tough environment in the Upstream Energy sector and the related impact this has on the insurance market, both of which are important strategic partners. While the oil price continued to recover throughout 2017 we have not yet seen large scale increases in offshore exploration and production, albeit there are promising signs of increased activity for 2018.

Recent announcements from the Lloyds insurance market confirmed the difficult market conditions, and while the Insurance market sustained significant impact from natural catastrophes in 2017, they did not have a significant impact on the Energy, Offshore and Commercial Hull & Machinery sectors. The Upstream Energy sector continued to experience extremely low premium levels in 2017, due to the combination of reduced offshore construction projects, rig activity and asset values. The Lloyd's Energy Sector reported a profit in 2017 on a calendar year basis, due to the reduction in volume and size of losses sustained, which is normally a key driver for our adjusting business. In the Marine market, while Lloyd's ended making a loss, this was largely due to compounded premium pressure over previous years and the effect of Hurricanes Harvey, Irma and Maria particularly in the Yacht and Cargo sectors. While we certainly saw an increase in activity associated with the hurricanes, this was tempered by reduced activity in some other areas and continued price pressure for all service providers. As such, our positive performance was despite a challenging environment. We are optimistic that a cyclical recovery in the Upstream sector and an expected hardening of Marine insurance market towards the end of this year, bode well for the future.

Following a review of activities, the decision has been made to divest our incident response business, Braemar Response. The Group's strategy is to focus on consultancy and professional services and we feel that the business would benefit from scale and that, for the right buyer, the business represents a significant investment opportunity as it comes with highly experienced and skilled personnel and management, a comprehensive client list and numerous operating assets. We are currently engaged in discussions with potential trade buyers.

OFFSHORE

Braemar Offshore, our marine warranty surveying (MWS) and Offshore consultancy business continued to be affected by project delays and ow exploration and construction activity in the region. Despite a difficult start to the year, we have recorded improving performance quarter on quarter, with a positive result in Q3 and Q4 despite the seasonal downturn in activity in South East Asia in the final quarter.

Vietnam, India, Malaysia and Indonesia continued to be our strongest performing areas and at the close of the year, we are seeing an increase in tender activity, and are encouraged by contract wins in several of our offices in South East Asia and the Gulf of Mexico.

ENGINEERING

Braemar Engineering, our consulting engineering business, was impacted heavily at the end of the prior year by the reduced activity in the LNG Tanker newbuild market and the ongoing delays associated with LNG Import/ Export projects in general. However, we are pleased to report that the business returned to profitability in the second half of the financial year.

The team successfully concluded its work to obtain General Design Approval for the FSP Type B LNG containment system (FSP) in conjunction with our Joint Venture partners Honghua Offshore Ltd., EnTX Group, and Jamestown Metal Marine Services. This has resulted in our appointment for additional development work for individual tank designs and moved the project to the next development phase in relation to an export terminal project located in the US Gulf of Mexico. We are also currently working on several new build and modification proposals and are encouraged by an improved pipeline of business compared with the same time last year.

ADJUSTING

Braemar Adjusting, our energy loss adjusting business, reported a profitable performance in the year.

The ongoing low level of Upstream activity has had an impact on our staff utilisation which averaged 57%, a slight reduction on the prior year. Our office in the Middle East continued to perform well with a high level of staff utilisation and investment in additional expertise. In the Far East our performance continued to improve throughout the year augmented by the addition of a number of senior personnel resulting in a significant increase in activity. Upstream activity in Europe and North America has been slower to respond to the improving oil price than Asia and the Middle East and so we have experienced lower activity in these locations. We have been successful in widening our adjusting services and received numerous high profile instructions in the Downstream, Mining and Power sectors.

MARINE

Braemar Marine, which specialises in vessel hull and machinery damage and condition surveys and marine consultancy, had a much better year. This was driven by repositioning the business to access other markets as well as managing cost reductions. In particular we have seen increased work on P&I claims, technical due diligence and ports & harbours consultancy. Utilisation has averaged 60% this year, a slight fall on 2016/17, although we have been able to raise revenue through the increase of higher value consultancy work.

> "We are pleased to report a turnaround in financial performance, with an underlying operating profit of £0.7 million compared with an underlying operating loss of £2.2 million in the prior year."

Review of operations | Logistics

DELIVERING

A COMPREHENSIVE WORLDWIDE AGENCY AND LOGISTICS SERVICE

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

KEY OBJECTIVES

- Target dry cargo and offshore port agency in UK to supplement our strong share in tankers
- Build internal synergies with Shipbroking division
- Drive new sales initiatives and resources in Freight Forwarding
- Increased gross margins through improved procurement

GROWTH DRIVERS

- Key long-term client relationships
- Geographical presence
- Bespoke project management capability
- Brand recognition – "Cory Brothers"
- Ability to draw on Braemar's other services

SERVICES

- Port and liner agency
- Hub agency
- Freight forwarding and project cargo management
- Customs clearance

REVENUE

£33.2m
(2016/17: £33.9m)

Logistics	33.2
	33.9

UNDERLYING OPERATING PROFIT

£0.8m
(2016/17: £1.3m)

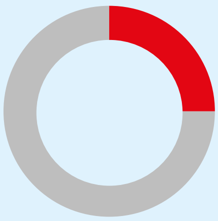
Logistics	0.8
	1.3

EMPLOYEES

194
(2016/17: 206)

Logistics	194
Group total	783

SHARE OF GROUP REVENUE



25%

Review of operations | Logistics continued

Cory Brothers has extensive industry experience and a worldwide reputation for delivering customers' expectations as measured by their key performance indicators. The business provides a high-quality service which is carried out by experienced staff based in many of the UK's ports as well as several overseas ports.

LOGISTICS

PORT & HUB AGENCY

The Ship Agency business services UK ports, the port of Singapore, North America and the Netherlands and has joint arrangements with a number of worldwide agency partners via our UK based hub business. Following the successful business development seen in 2016/17 we have consolidated that position and delivered a solid performance across the global network. Our international hub business continues to deliver an excellent service to our customers, as measured by their own KPIs, and we continue to develop this business and win new clients. Our UK operations remain a key part of our port agency business – during our third quarter there was a market driven dip in our activity though we maintained our market share across key sectors. By the fourth quarter revenues returned to normal levels and we remain the most active port agency operator in the UK. Our US business suffered in the first half of the year driven by low market activity, but we had a strong finish to the year as we won new customers.

We continue to develop and diversify our business with the dry cargo and offshore sectors offering opportunities for diversification and growth. We are investing in the future, through training and development and the ongoing upgrade and enhancement of our proprietary systems. We continue to consolidate and develop our coverage in Europe and North America through the Braemar office network and with selected strategic partners.

LINER AGENCY & FREIGHT FORWARDING

The Liner Agency business has maintained its long standing relationships with key clients on the basis of consistently high service levels. Despite competitive pressures we maintained a steady performance in the year. In freight forwarding, the business continued to experience challenging market conditions in our imports and exports business and an increasingly competitive environment. An adverse mix of activity diluted margins, however, business with important long term customers remained steady.

We are responding to the challenges faced by developing the sales strategy with increased focus on developing business where our core competencies differentiate us from our competitors and where customers value the high levels of service we are able to offer. This is supported by an operational business improvement program to streamline business processes for maximum efficiency.

HISTORIC ITEM

There was a one-off charge during the year of £0.5 million (2016/17: £0.25 million) for the conclusion and settlement of an historic claim relating to activity in the early 2000s. The total value of this settlement was £0.75 million.

Review of operations | Financial

DELIVERING A COMPREHENSIVE WORLDWIDE FINANCIAL SERVICE

NAVES Corporate Finance GmbH was founded in 2009 as an independent firm with the aim of advising national and international clients in changing capital markets and specialises in finance, restructuring and transactions specifically for companies in the maritime sector. Braemar-NAVES was acquired by Braemar Shipping Services Plc in September 2017.

KEY OBJECTIVES

- Leverage relationships with sale and purchase shipbroking
- Develop international presence in London and other locations
- Obtain appropriate licences to provide capital market advice
- Develop links with the Technical division to provide packaged services to the financial sector

GROWTH DRIVERS

- Global levels of distressed maritime debt
- Banking and capital allocation regulations
- Limited opportunities to source maritime capital
- Capacity imbalances in the global fleet

SERVICES

- M&A / corporate transactions and mergers
- Restructuring and restructuring consulting
- Interim management and pre-insolvency management
- Loan servicing
- Asset brokerage/control of sales processes for individual assets
- Equity and debt financing including IPO consulting
- Financial Asset Management

REVENUE

£3.7m

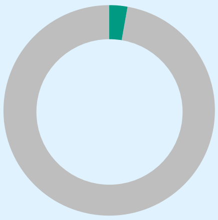
UNDERLYING OPERATING PROFIT

£1.8m

EMPLOYEES

17

SHARE OF GROUP REVENUE



3%

Review of operations | Financial continued

The Braemar-NAVES operations have delivered strong financial performance and is proving to be a good strategic fit within the Group.

FINANCIAL

The business is led by Mark Kuchenbecker and Axel Siepmann, who have over 40 years of combined professional experience in corporate finance and the maritime industry, and has staff of over 20 people in total. The team includes former shipbrokers, bankers, former employees of ship owning and managing companies, lawyers, mariners and fleet managers.

RESTRUCTURING AND INTERIM MANAGEMENT AND PRE/POST-INSOLVENCY MANAGEMENT

Restructuring and related services continued to be the most important segment within the Braemar-NAVES service portfolio. During 2017/18 we supported more than 20 separate restructuring mandates. This was driven by the ongoing structural weakness in shipping sectors such as tankers, MPP/heavy lift and smaller container vessels without long-term employment. Our pre-and post-insolvency and management business benefitted from the time lagged impact of cyclical lows in the container market and in the dry bulk market observed in 2016. Increasing charter rates indicate decreasing insolvency filing activity with lenders and owners moving to sell-off or refinance assets. Where this may limit pre/post insolvency advisory and management services, it provides opportunities to strengthen our refinancing service portfolio.

ASSET BROKERAGE / CONTROL OF SALES PROCESSES FOR INDIVIDUAL ASSETS

Deal flow from restructuring related sale and purchase activity remained strong with more than 20 vessels being sold during the period. Lenders are using increasing asset prices in containers and dry bulkers to exit from loans and vessels. Braemar-NAVES and Braemar ACM are working closely together to deliver strong client service and outcomes in this environment.

EQUITY AND DEBT FINANCING

European banks are downsizing their portfolios and/or shrinking new business volumes so an increasing number of shipowners are facing the need to develop new funding sources. Braemar-NAVES are supporting clients to attract both debt and equity financing in an increasingly complex environment. We have worked with more than 50 finance providers for many years and are able to broaden shipowners' relationships with new banks, alternative lenders and private equity and hedge funds.

As financing processes become increasingly complex Braemar-NAVES is able to use its strong technical skills through the process on both monthly retainers and success fee basis.

FINANCIAL ASSET MANAGEMENT AND LOAN SERVICING

We expect our activities around loan acquisition support services and loan servicing to increase in the short and medium term. We have received enquiries concerning disposal of loan portfolios and have structured an integrated service offering combining Braemar's group wide skills in commercial, technical and financial due diligence support through its valuation department, Technical division and Braemar-NAVES. We believe we are uniquely placed to offer such an integrated service.

GEOGRAPHIC DIVERSIFICATION

The German market represents the historic core market of Braemar-NAVES activity. We have expanded to support the Greek and Cypriot markets and have established a presence in London in during 2017. We continue to review geographic expansion opportunities to strengthen our links to institutional investors as well as integrate our services within the wider Braemar Group.

Financial review

IMPROVED UNDERLYING PROFITABILITY AND SHAREHOLDER VALUE

Louise Evans, Group Finance Director

The results of management action, including two earnings accretive acquisitions and a major restructure, are evident in the increased underlying operating profit delivered during the year.

SUMMARY INCOME STATEMENT 2018

	2018 £'000	2017 £'000	2016 £'000
Revenue	**133,409**	135,935	159,125
Cost of sales	**(24,767)**	(27,168)	(33,365)
Operating costs	**(97,616)**	(101,819)	(109,329)
Central costs	**(2,855)**	(2,721)	(2,673)
Underlying operating profit before specific items	**8,171**	4,227	13,758
Acquisition-related expenditure	**(9,067)**	(2,485)	(2,668)
Acquisition-related restructuring	**–**	–	(777)
Restructuring costs	**–**	(2,892)	–
Gain on disposal of investment	**–**	1,664	–
Operating (loss)/profit	**(896)**	514	10,313

OVERVIEW

Group results have improved during the year, with underlying operating profit increasing to £8.2 million from £4.2 million. The net impact of costs of acquisitions transactions and the accounting treatment for certain items of consideration are separately identified as Specific Items and have resulted in an operating loss of £0.9 million for the year (2016/17: £0.5 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. Operating costs are also lower than the previous year, reflecting the lower average number of staff employed by the Group.

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/or nature and we believe may distort understanding of the underlying performance of the business. These are summarised below:

ACQUISITION AND DISPOSAL RELATED EXPENDITURE

We incurred £9.1 million (2016/17: £2.5 million) acquisition related expenditure during the year, with this increase driven by the acquisitions of NAVES Corporate Finance GmbH and Atlantic Brokers Holdings Limited.

The Group incurred £5.1 million of costs which are directly linked to the acquisition of Braemar-NAVES. They include £2.1 million of acquisition fees and £3.0 million of post-acquisition consideration payable to certain sellers under the terms of the acquisition agreement. The Braemar-NAVES acquisition agreement included substantial payments to the working vendors which are conditional on their continuing employment. These elements of the consideration will be accounted in the income statement over the relevant period.

Costs incurred on the Braemar Atlantic acquisition were £0.6 million comprising £0.4 million of acquisition fees and £0.2 million of post-acquisition charges.

When we acquired ACM Shipping Group plc in July 2014, we established a share plan to retain key staff. The cost of this share plan is categorised as acquisition-related expenditure and the charge in the year was £0.6 million (2016/17: £1.5 million). As expected, the annual charge relating to these awards reduces as these awards vest.

During the year we also incurred a charge of £2.4 million (2016/17: £0.5 million) in relation to the amortisation of intangible assets arising from these acquisitions and £0.4 million (2016/17: £0.4 million) associated with other acquisition-related activity.

We also incurred some initial advisory costs in relation to our plan to dispose of Braemar Response, our incident response business. A sale is expected to complete during the coming financial year.

DISCONTINUED OPERATIONS

Following the Board's decision to dispose of Braemar Response, we have classified the operations from this business unit as a discontinued operation. As a result, the results from these operations do not form part of the Group's underlying performance. Comparative periods have been restated to reflect consistent reporting between periods. The discontinued operations made a loss of £0.5 million in the year (2016/17: £0.7 million).

FINANCE COSTS

The net underlying finance cost for the year of £0.4 million (2016/17: £0.3 million) reflects the cost of working capital associated with the facilities structures held with HSBC. Specific Items include £0.2 million of interest payable on financing and convertible loan notes associated with the acquisition of Braemar-NAVES.

CAPITAL EXPENDITURE

In 2017/18 total capital expenditure was £1.0 million (2016/17: £1.0 million). The most significant item of capital expenditure relates to software as we continue the improvement of our operating systems. This level of capital expenditure is in line with the prior year.

BALANCE SHEET

Net assets at 28 February 2018 were £93.7 million (2017: £100.2 million).

The Group has continued to focus on working capital improvement and cash collection during the year. At 28 February 2018 the Group held gross trade receivables before impairment provisions of £37.9 million, down from £45.1 million. The year-end position included £2.1 million gross receivables associated with acquired businesses. At the year end, trade and other receivables had fallen by £4.6 million to £52.6 million and the value of the provision against trade receivables fell from 12.9% to 12.2%.

BORROWINGS AND CASH

At the balance sheet date, the Group had facilities of £40 million, made up of a revolving credit facility of £25 million for current activities and an accordion facility of £15 million for potential future acquisions provided by HSBC. The Group increased its revolving credit facility from £15 million to £25 million during the year to fund the cash element of the acquisition of Braemar-NAVES.

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 debt of £2.4 million (2017: £7.1 million net cash).

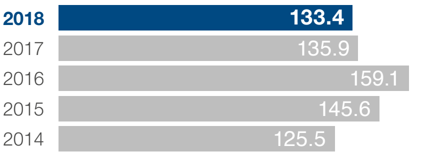
DIVISIONAL HIGHLIGHTS 2018	2018 £'000	2017 £'000	2016 £'000
SHIPBROKING			
Revenue	**61,846**	63,132	70,699
Underlying operating profit	**7,742**	7,882	9,653
Underlying operating profit margin	**12.5%**	12.5%	13.7%
Employee numbers(i)	**298**	291	334
TECHNICAL			
Revenue	**34,579**	38,953	54,283
Underlying operating (loss) / profit	**722**	(2,188)	5,201
Underlying operating profit margin	**2.1%**	(5.6)%	9.6%
Employee numbers(i)	**261**	303	444
LOGISTICS			
Revenue	**33,237**	33,850	34,143
Underlying operating profit	**777**	1,254	1,577
Underlying operating profit margin	**2.3%**	3.7%	4.6%
Employee numbers(i)	**194**	206	189
FINANCIAL			
Revenue	**3,747**	–	–
Underlying operating profit	**1,785**	–	–
Underlying operating profit margin	**47.6%**	–	–
Employee numbers(i)	**17**	–	–

(i) Average annual equivalent number of employees.

Financial review continued

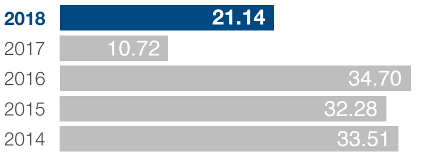
REVENUE
£million

133.4m -2%

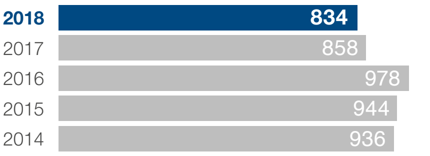


5 YEAR UNDERLYING EARNINGS PER SHARE
Pence

21.14p +97%

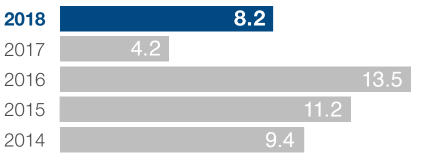


HEADCOUNT
Number



UNDERLYING OPERATING PROFIT
£million

8.2m +93%



The directors are recommending, for approval at the Annual General Meeting on 22 June 2018, a final dividend of 10 pence.

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 £3.4 million (2017: £4.3 million) which is recorded on the balance sheet at 28 February 2018. The agreed annual scheme-specific funding since the triennial valuation as at March 2014 was a cash contribution of £0.45 million. The triennial funding valuation as at March 2017 has been carried out and concluded during the year. This required an annual employer cash contribution of £0.45 million. This has been agreed with the trustees and is being paid in equal monthly instalments.

CONVERTIBLE LOAN NOTES AND DEFERRED CONSIDERATION

In total, the Group has committed to the issue of up to €24.0 million convertible loan note instruments in respect of the acquisition of Braemar-NAVES. These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are Euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3 pence for management sellers and 450.3 pence for non-management sellers.

The fair value of convertible instruments and deferred consideration as at 28 February 2018 was £10.7 million.

FOREIGN EXCHANGE

The US dollar exchange rate has moved from US$1.24/£1 at the start of the year to US$1.40/£1 at the end of the year. A significant proportion of the Group's revenue is earned in US dollars. At 28 February 2018, the Group held forward currency contracts to sell US$12.8 million at an average rate of $1.366/£1 and options over a further US$12.3 million at an average rate of $1.367/£1.

TAXATION

The Group's underlying effective tax rate in relation to continuing operations in 2017/18 was 18.4% (2017: 19.3%). Although the movement in the UK standard rate of corporation tax from 20% to 19% in 2017/18 has reduced the Group's effective tax rate, the acquisition of Braemar-NAVES and the associated higher rate of taxation payable in Germany has partly offset this. We have also continued to focus on our global operations to efficiently manage our tax exposure which has allowed us to maintain a lower rate despite relatively high levels of disallowable expenditure. We expect the Group's effective tax rate to follow the movement in UK standard rate of corporation tax as it decreases to 18% in 2020/21.

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 interest parties. In particular we have separated the impact of individually material capital transactions, such as acquisitions and disposals, from ongoing trading activity to allow focus on ongoing operational performance. Our APMs include underlying operating profit, and underlying earnings per share. Our prior year APMs have been restated to reflect the reclassification of discontinued operations noted above.

RECONCILIATION OF UNDERLYING RESULTS TO REPORTED STATUTORY RESULTS:	Year ended 28 Feb 2018 £'000	Year ended 28 Feb 2017 £'000
Revenue	133,409	135,935
Cost of sales	(24,767)	(27,168)
Gross profit	108,642	108,767
Other operating costs	(100,471)	(104,540)
Underlying operating profit	8,171	4,227
Net underlying finance costs	(436)	(303)
Underlying profit before tax	7,735	3,924
Underlying taxation	(1,422)	(761)
Underlying profit for the year	6,313	3,163
Underlying earnings per ordinary share		
Basic	21.14p	10.72p
Diluted	19.51p	9.70p
Underlying operating profit	8,171	4,227
Specific items	(9,067)	(3,713)
Operating (loss)/profit	(896)	514
Net finance costs	(618)	(303)
(Loss)/profit before taxation	(1,514)	211
Taxation	(877)	(20)
(Loss)/profit for the year from continuing operations	(2,391)	191
Loss for the year from discontinued operations	(503)	(680)
Loss for the year attributable to equity shareholders of the parent	(2,894)	(489)
Earnings per ordinary share		
Basic	(9.70)p	(1.66)p
Diluted	(9.70)p	(1.66)p

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 and debt instruments. 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 peaks and troughs in our working capital requirements.

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 395,000 ordinary shares in the Company.

As announced on 2 March 2018, the Company entered into a trading plan with the Trustee for the period 5 March 2018 to 14 May 2018. 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 14 May 2018 the ESOP holds 609,798 shares.

DIVIDEND

The directors are recommending, for approval at the Annual General Meeting on 22 June 2018, a final dividend of 10 pence. Together with the interim dividend, the Company's dividend for the year will be 15 pence (2017: 14 pence) and represents dividend cover of 1.4x compared to underlying earnings per share.

The Board's intention remains 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. This was not achieved in 2016/17, due to the weak underlying performance of the Technical division during the 2nd half of the financial year, however improved underlying performance during 2017/18 has enabled us to improve this ratio.

It is important to note that we may vary this policy to ensure we have sufficient flexibility in our capital structure to make appropriate financing and investment decisions.

BREXIT

We do not currently believe that our businesses will be materially impacted by Brexit as we are a global organisation with limited exposure to the European markets. However we remain concerned over the uncertainty and risks associated with the potential economic volatility arising from Brexit and continue to closely monitor developments.

Louise Evans FCA
Group Finance Director
14 May 2018

Resources and relationships

OUR PEOPLE ARE OUR BUSINESS

"Our people are the most important part of our business and the key to our success."

OUR PEOPLE

The skill and experience of our staff and the role that they play is fundamental to making our business a success. We operate in competitive markets and our clients expect first class advice and execution which can only be provided by a workforce that is skilled, enthusiastic and motivated to provide the highest level of service.

We aim to provide modern, functional offices with similar standards of presentation and information technology across the world and an office culture that is fair and professional for all employees. We also promote high professional standards through the application of the Group-wide employment and management policies covering 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 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:

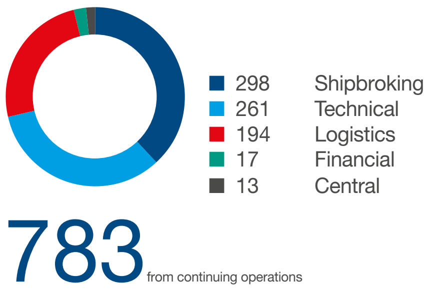
PEOPLE

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 2018, there were six Directors of Braemar Shipping Services plc, two of which are female. Across the Group we employed 834 staff in the Group during the year of which 23% 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. We are also expanding our graduate recruitment activity, particularly in the Shipbroking division, to develop the next generation of talent.

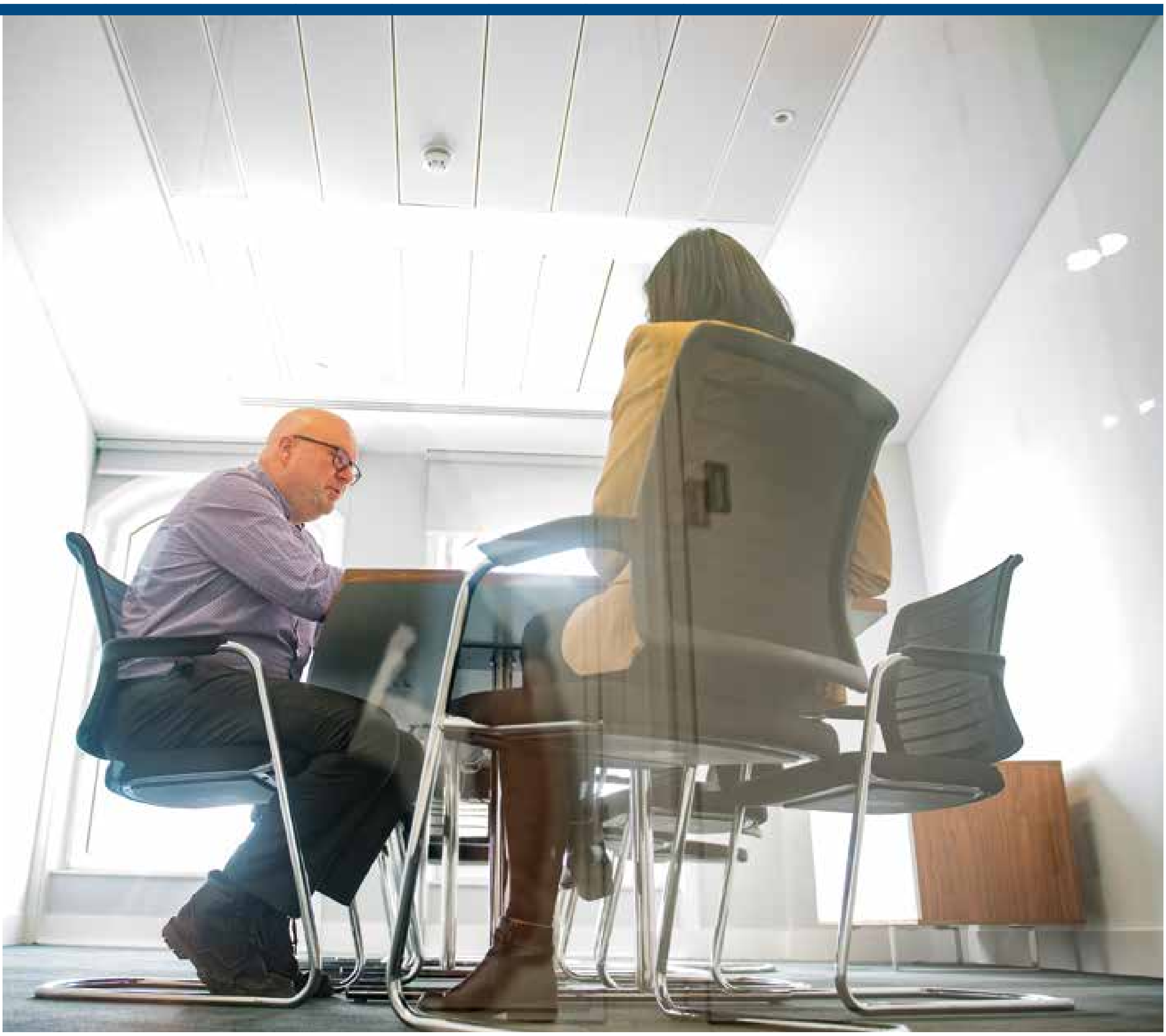
AVERAGE NUMBER OF EMPLOYEES



Following the acquisitions of Braemar-NAVES and Braemar Atlantic, emphasis has been placed on integrating their teams to align policies, cultures and working practices to the highest standards.

CULTURE

We engender a culture that promotes 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 their objectives. We carry out performance reviews and ensure that all staff, irrespective of business line, are recognised and rewarded for their performance based on merit. This



includes, where appropriate, participation in an annual discretionary bonus linked to value delivery and equity participation schemes including deferred share awards and Save As You Earn Schemes.

CLIENTS

The competitive markets in which we operate drive a continual need to focus on quality and cost effectiveness in the provision of services which meet our clients' needs. We treat our clients in a way we would expect to be treated ourselves and aim to provide them with high quality services that are tailored to their needs. We are committed to the highest professional standards in everything we do.

Our clients look to 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 offer a "one-stop shop" for some clients and to build a wide 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 corrupt practices 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, perceived or potential conflicts of interest.

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.

Resources and relationships continued

RISK

We seek to understand risk and manage it for the betterment of our Group and our clients. We operate appropriate internal systems of controls and recognise our responsibility to safeguard Group resources and information for efficient and appropriate use, protecting confidentiality and complying with appropriate 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 local management and our 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 Group to assess the material risks we are exposed to and ensure they are managed appropriately. Additional information regarding the risks and uncertainties of the Group can be found on pages 34–37.

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. Some of our businesses hold ISO 14000 environmental accreditation as required.

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 2018. 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.

	Total tonnes CO_2e				
	2017/18	2016/17	2015/16	2014/15	2013/14
Overseas electricity	**312**	327	372	439	246
United Kingdom electricity	**421**	442	655	566	624
Natural gases	**49**	51	50	45	53
Fuel – diesel/petrol	**185**	191	232	288	271
Total tonnes CO_2e	**967**	1,011	1,309	1,338	1,194

The Group is committed to undertaking business to the highest standards and has clear ethical guidelines covering anti-bribery and corruption which we monitor on a regular basis

SAFETY

We care about the safety of our stakeholders. 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.

We recognise that staff in our Technical and Logistics divisions sometimes operate in higher risk environments from a health and safety perspective. Each of these divisions employs 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 acquired brands. We increasingly promote an integrated service offering as "One Braemar".

OUR KNOWLEDGE MANAGEMENT

Each of our four divisions operates their own systems for capture and analysis of business information. These are used to produce the varied reporting that our clients require. We are continually looking to improve our knowledge management capabilities and, most recently, have utilised cloud based storage for most systems to ensure ease of shared internal access to market information.

OUR ETHICAL FOOTPRINT

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

We are committed to ensuring that there is no modern slavery or human trafficking in any part of the Group or our supply chain. 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 that slavery and human trafficking is not taking place anywhere in the supply chain.

Principal risks and uncertainties

DEVELOPING OUR APPROACH TO RISK MANAGEMENT

Effective management of risk is essential for delivering our strategic objectives. As such, risk management is built into our day-to-day activities and forms an integral part of how we operate.

The approach developed for the assessment, management and reporting of risks enables the Audit Committee to review the nature and extent of the identified risks that the Group faces. The risk monitoring process has been in place throughout the year and up to the date of approval of the Annual Report.

RISK MANAGEMENT PROCESS

Our approach to risk management incorporates both bottom-up and top-down review of the identification, evaluation and management of risks. Initial responsibility for the identification and management of risk (including monitoring and updating) is delegated to the divisional management teams within the Shipbroking, Technical, Logistics and Financial divisions. During the year, we engaged PwC to run a series of workshops with various management teams to review all aspects of risk identification, identify variances in risk perception, link risk to Group strategy and reconsider the Group risk register. The results of this exercise form the basis of the risks identified on pages 35–37.

In addition, key specialist personnel covering areas such as IT, HR, Legal and Finance consider risks to our strategic objectives which are not addressed within the business units and develop appropriate approaches to managing and mitigating these. The Group takes measures to mitigate risk, including maintaining appropriate insurance cover.

Key steps included in the risk management process undertaken during the year include:

- The Group budget which is prepared annually and approved by the Board.
- Regular financial reforecasts are prepared and approved by the Board.
- Monitoring the performance of the Group and the individual operating units against budget and reforecasts throughout the year including investigation of significant variances.
- An internal system of checks and authorisations and independent audits which are conducted in relation to the ISO 9001:2000 certification held in the Logistics and Technical divisions.
- Operation of the Group's whistleblowing procedure.
- Treasury management activity which is regularly reported to the Board by the Group Finance Director. Note that the Group does not enter into speculative treasury transactions.
- Using common group systems covering accounting, HR and operations supported by an international IT team.
- Monitoring contractual risk by Group General Counsel.
- Succession planning and strategic recruitment support by Group HR team.

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.

All risks identified 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.

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.

CORPORATE RISK FRAMEWORK

3RD PARTY

Business divisions assessment and mitigation of risk
SHIPBROKING | LOGISTICS | TECHNICAL | FINANCIAL

GROUP BOARD
Review of nature and extent of risk

AUDIT COMMITTEE
Review of risk management and internal controls system

CORPORATE RISK TEAM
Framework development, assurance, assessment, advice and reporting

INTERNAL AUDIT
Review of risk and internal controls system

Treasury | Human resources | Group IT | Compliance | Insurance
Corporate responsibilities
Assessment and mitigation of risk

RISK RANK	DESCRIPTION OF RISK	SUMMARY OF IMPACT	MITIGATING CONTROL AND MANAGEMENT ACTIONS	ASSESSED RISK LEVEL & CHANGE
1	**Macroeconomic changes** All our businesses are subject to the Impact of macroeconomic changes, such as changes in the crude oil price, restrictions in global trade or access to capital for shipping activity. DIVISIONS S T L F	A downturn in the world economy could result in reduced activity and lower revenue. Changes in shipping rates and/or changes in the demand or pricing or commodities would affect supply activity.	The Group's strategy of diversification on a sector and geographic basis. Ongoing management of cost base based on current and reasonably foreseeable market conditions. Continued monitoring to ensure that appropriately structured teams are located across all divisions and geographies. Implement restructuring programmes as required.	↗
2	**Financial liquidity** Significant amounts are utilised for Group working capital. Certain sections of working capital can have a long lead time to convert to cash. Such delays could cause liquidity problems for the Group. DIVISIONS S T F	All divisions have seen changes in business and working capital requirements. All borrowing facilities are with one UK financial institution whilst significant amount of funds held outside UK in other institutions. On-going repatriation of funds to the UK to enable the Group to operate within its banking covenants.	Continued working capital management and monitoring across the Group. Senior management intervention to assist in recovery of problematic debtors. Maintenance of a Group aide treasury management to monitor cash positions worldwide and co-ordination cash repatriations to the Group. Continuing the consolidation of banking relationships and the Implementation of the global pooling capabilities.	−
3	**Management bandwidth** Insufficient senior management bandwidth (quality and quantity) which can lead to lost opportunities to pursue and/or execute business opportunities. DIVISIONS S T L F	Business value and earnings could be reduced if key executives are not available to manage business opportunities.	Continuation of career path and succession planning to ensure suitable management structures are maintained across the Group.	−

Principal risks and uncertainties continued

RISK RANK	DESCRIPTION OF RISK	SUMMARY OF IMPACT	MITIGATING CONTROL AND MANAGEMENT ACTIONS	ASSESSED RISK LEVEL & CHANGE
4	**Corporate skill sets** Failure to attract and retain skilled people leading to loss of key client relationships or failure to cultivate new client relationships. DIVISIONS S T F	If key staff leave the Group, they are likely to take "their" business with them resulting in a loss to the Group. If new staff are not attracted to the Group, then rate of growth may be limited.	Continue development of career path and succession planning for all key staff. Maintain competitive remuneration packages, including use of deferred equity awards.	−
5	**Financial capacity** Inadequate financial capacity to execute Group growth and development plans. DIVISIONS S T F	Group may not have sufficient financial resources to execute all growth opportunities identified and available to it.	Ensure that all divisional growth opportunities and strategies are regularly reported to the Board. The Board completes a strategic resource analysis of all growth opportunities to ensure that intended resources are allocated to growth opportunities with the best return.	−
6	**Technological changes** The threat of technological change rendering aspects of our current service offering obsolete. DIVISIONS S T	The value of "relationships" could be devalued and replaced by disruptive technology platforms resulting in increased competition and consequent price reductions.	Continued development and promotion of the Braemar corporate brand and values. Continuing to recruit and retain talented and experienced staff. Developing own technological expertise and strategy. Seeking appropriate acquisition opportunities. Engagement of external consultants to assess market developments.	−
7	**Currency fluctuations** The majority of Group revenues are generated in US$ whilst the cost base is in multiple currencies. DIVISIONS S T	The Group remains exposed to US$ fluctuation.	Foreign exchange movements are monitored and short and medium term hedging structures are put in place over a rolling twelve-month period.	−
8	**Incentive and cost structures** Implementation of inappropriate incentive and reward structures that could incentivise negative behaviour such as internal conflict or short termism. DIVISION S	Business value and earnings could be reduced.	Continue to maintain appropriate and competitive remuneration packages.	−
9	**Internal and external communications** Poor communication between divisions or business units could mean that overall Group return and earnings are not maximised. DIVISIONS S T L F	This could impact internal and external relationships, damage contract management, impair business development and result in lost business opportunities.	Continue to develop and prioritise cross divisional communication and business development opportunities.	−

RISK RANK	DESCRIPTION OF RISK	SUMMARY OF IMPACT	MITIGATING CONTROL AND MANAGEMENT ACTIONS	ASSESSED RISK LEVEL & CHANGE
10	**Legal and regulatory impact** Legal or regulatory breach by the Group resulting in fines and sanctions and ultimately loss of ability to operate. Examples could include non-compliance with the Bribery Act or Modern Slavery Act on inadvertently dealing with sanctioned individuals or entities. DIVISION S T F	The Braemar brand could be damaged and business lost. This error/mistake could be at a local level but impact the whole Group.	Maintain current training programme to ensure all staff are fully aware of business obligations. Continuing management and reporting. Maintain adequate levels of insurance cover.	–
11	**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. DIVISIONS S T L F	Loss of service and associated loss of revenue. Reputational damage. Potential for loss due to fraud.	Maintain current archiving solutions so lost data can be recovered quickly and efficiently. Key information retained in multiple systems and locations.	–

S Shipbroking T Technical L Logistics F Financial

INTERNAL AUDIT
The Group's internal audit function has been reviewed by the Audit Committee during the year. It is explained in the Corporate Governance section on page 42 and follows a risk-based review process based on the results of the Group's annual risk assessment.

GOING CONCERN
The Group has a strong balance sheet and continues to generate positive underlying operational cashflow. The Directors believe that it is well positioned to 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 existing 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 (71)

Independent Chairman of the Board and Nominations Committee

COMMITTEE MEMBERSHIPS

Chairman of the Nominations Committee.

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.

EXTERNAL APPOINTMENTS

Trustee director of Trafalgar House Trustees Limited, director of Maritime London, director of OAO Sovcomflot and director of James Fisher & Sons plc. Life member of the Foundation of Science and Technology.

LESLEY WATKINS (59)

Independent non-executive Director, Senior Independent Director and Chair of the Audit Committee

COMMITTEE MEMBERSHIPS

Chair of the Audit Committee and member of the Remuneration Committee and Nominations Committee.

BACKGROUND AND RELEVANT EXPERIENCE

Qualified as a chartered accountant with Price Waterhouse and 18 years' experience in banking with UBS and Deutsche Bank. Finance director and company secretary of Calculus Capital Limited; non-executive director of Game Digital plc and Chair of its audit committee.

EXTERNAL APPOINTMENTS

Finance director and company secretary of Calculus Capital Limited, Non-executive director of Game Digital plc.

JÜRGEN BREUER (52)

Independent non-executive Director and Chairman of the Remuneration Committee

COMMITTEE MEMBERSHIPS

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

BACKGROUND AND RELEVANT EXPERIENCE

Formerly at Société Générale, 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.

EXTERNAL APPOINTMENTS

Baltic Bau companies and HeinrichHeine-Garten Binz GmbH.

EXECUTIVE DIRECTORS

MARK TRACEY (54)
Independent non-executive Director

COMMITTEE MEMBERSHIPS
Member of the Audit, Nominations and Remuneration Committees.

BACKGROUND AND RELEVANT EXPERIENCE
Over 30 years' experience analysing 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.

EXTERNAL APPOINTMENTS
Arkle Associates LLP.

JAMES KIDWELL FCA (56)
Chief Executive

COMMITTEE MEMBERSHIPS
None.

BACKGROUND AND RELEVANT EXPERIENCE
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.

EXTERNAL APPOINTMENTS
None.

LOUISE EVANS FCA (44)
Group Finance Director

COMMITTEE MEMBERSHIPS
None.

BACKGROUND AND RELEVANT EXPERIENCE
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 June 2015.

EXTERNAL APPOINTMENTS
Trustee treasurer of Fertility Network UK (a registered charity).

Corporate governance statement

CHAIRMAN'S INTRODUCTION

David Moorhouse CBE, FNI, Chairman

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

Number of meetings in 2017/18: 9

	Attended
Non-executive Directors	
David Moorhouse CBE	9/9
Jürgen Breuer	8/9
Alastair Farley	5/7*
Mark Tracey	9/9
Lesley Watkins	6/6**
Executive Directors	
Louise Evans	9/9
James Kidwell	9/9

* Alastair Farley retired as a Director at the conclusion of the Board meeting held on 14 December 2017

** Lesley Watkins was appointed as a Director with effect from 23 June 2017

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 Company is subject to The UK Corporate Governance Code published by the Financial Reporting Council in 2016 (the "Code"). The Code is publicly available on the Financial Reporting Council's website at: www.frc.org.uk. The Board endorses the principles and provisions set out in the Code and 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 and E.2.4 on notice for general meetings. David Moorhouse CBE has served on the Board for 13 years (the latter three of which have been as Independent Chairman).
The Board considers that he remains wholly independent in character and judgement, with no relationships or circumstances that are otherwise likely to affect or appear to affect his judgement. 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.

This statement, together with the Directors' Remuneration Report on pages 47–56, describes how the Board and its sub-committees operate and how the Company has applied the Code during the year ended 28 February 2018.

David Moorhouse CBE, FNI
Chairman
14 May 2018

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 a 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.

During the year, the Board was delighted to welcome Lesley Watkins as a new, independent non-executive Director. Lesley Watkins took over the roles of Audit Committee Chair and Senior Independent Director on 14 December 2017, following the retirement of Alastair Farley. David Moorhouse CBE chairs the Board and Nominations Committee, and Jürgen Breuer chairs the Remuneration Committee. 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.

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. The following matters are specifically reserved for the Board's consideration:

- Group strategy;
- Group budget;
- Group policies;
- approval of acquisitions;
- Group-level controls;
- monitoring the performance of the Executive Committee;
- ensuring compliance with all regulations;
- establishing and monitoring Board sub-committees;
- reviewing Group risks;
- appointment of key advisers;
- divided recommendation.

BOARD COMMITTEES

The Board has three standing Committees: Audit, Nominations and Remuneration. Each of the Board Committees solely comprises independent 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 43, 45 and 47, respectively. The Remuneration Committee Report on pages 47 to 56 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 four 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;
- the proposal of Group strategy to the plc Board;
- the proposal of Group budgets to the plc Board;
- the reviewing of acquisitions/disposals for submission to the Group Board;
- the consideration of approach with clients;
- the agreement of sub-delegation of authorities to divisional boards;
- ensuring appropriate application of standards of health, safety and environmental care;
- ensuring ethical standards are effectively applied and reported; and
- reviewing and proposing to the plc board business activity outside the delegated authority limits.

EFFECTIVENESS

The Board engaged Advanced Boardroom Excellence in 2016 to carry out an external review of the performance of the Board and its Committees against the framework of Board effectiveness produced by the FRC. The review concluded that the Board and its Committees were effective and demonstrated an appropriate level of governance for the size of the Company Since then the Board has self-evaluated its performance and continues to take steps to strengthen its performance and that of its committees and individual directors. The Chairman regularly speaks with individual Directors about their role on the Board and, with the assistance of the Company Secretary, works to ensure that the Directors continually update their skills, knowledge and familiarity with the Group.

Profiles of each Director, together with information on their experience relevant to the Group and their external appointments, are set out on pages 38–39. The Company appointed a new Company Secretary, Peter Mason, during the period and he is responsible for advising the Board, through the Chairman, on all governance matters and for ensuring that Board procedures and appropriate standards of governance are complied with.

On 3 May 2018, David Moorhouse was appointed Senior Independent Director of James Fisher & Sons plc, where he has been a non-executive director since August 2013. His appointment is not anticipated to have any impact on his role as Chairman of the Company.

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 58-59.

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 has reviewed the effectiveness of the system of internal controls during the year and proposed actions to strengthen the controls, which the Board has implemented as necessary. The Group also holds professional indemnity insurance to an amount considered adequate for its size and potential exposure.

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

Corporate governance statement continued

CHAIRMAN'S INTRODUCTION CONTINUED

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 35–37.

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 2016/17, the internal audit programme was updated. This approach has been maintained through 2017/18 where the Group adopted a risk-based strategy and took 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;
- the majority of geographical office hubs of the Group (London, Singapore and Houston) 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 programme, a total of 16 visits were undertaken during 2017/18 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 during 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 be reviewed in 2018/19. The Group intends to adopt a co-sourced approach and work alongside a 3rd party service provider. The Group is adopting this approach to ensure that it has access to capacity, specialisms and independent expertise to appropriately analyse identified risks to the Group. This requirement has been put out to tender and we expect to make an appointment during May 2018.

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. 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. Any non-compliances are reported to the Audit Committee.

DIVERSITY POLICY

In line with UK government requirements, Braemar has published its gender pay gap report for 2017. This report identifies a wide gender pay gap, largely due to the imbalance of male and female colleagues across the organisation. At the moment, in each of our pay scales there are fewer women than men, which is particularly noticeable as we look at our senior roles. We recognise that within our industry there is a prominent challenge regarding appropriate diversity, particularly with regards to gender. At Braemar, we value diversity and continue to be committed to considering how we can further encourage diversity in each of our operations.

SHAREHOLDER RELATIONS

The Board recognises 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. From time to time, the Chairman and Senior Independent Director consult with major shareholders. In addition, the Chief Executive and Group Finance Director met with current investors during the process to acquire Naves Corporate Finance GmbH. Feedback on shareholder meetings is provided via the Group's corporate stockbroker and public relations adviser with the corporate stockbroker providing regular written reports to the Group Board concerning market and share price activity. Corporate announcements are made available on the Group's website.

The Company called the general meeting to approve the NAVES transaction on less than the 14 working days' notice recommended by E.2.4 of the Code. The Board considered that doing so was merited by the business of the meeting and that proceeding to completion as soon as possible was to the advantage of shareholders as a whole. The notice for this year's AGM is being sent to shareholders with the 20 working days' notice recommended by E.2.4 for annual general meetings.

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.

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.

David Moorhouse CBE, FNI
Chairman

REPORT OF THE AUDIT COMMITTEE

Lesley Watkins, Chair of the Audit Committee

Membership and attendance

	Attended
Alastair Farley	3/3*
Jürgen Breuer	3/4
Mark Tracey	4/4
Lesley Watkins	2/2**

* Alastair Farley retired as a Director and Chair of the Audit Committee at the conclusion of the Board meeting held on 14 December 2017

** Lesley Watkins was appointed to the Audit Committee on 26 September 2017 and to succeed Alastair Farley as Chair of the Committee on 14 December 2017

The Audit Committee comprises three independent, non-executive Directors and its terms of reference can be found in the Investors section of the Company's website. The Audit Committee, as a whole, has sufficient level of competence relevant to its function and the sector in which it operates. Its meetings are attended, by invitation, by the Chairman of the Board, the Group Chief Executive, the Group Finance Director, the General Counsel, the Group Treasurer, the Group Head of IT and representatives of the external auditor. The Audit Committee met four times during the year. In addition to these formal Committee meetings, the Chair of the Committee meets separately with the Group audit partner at least twice a year.

KEY FUNCTION AND RESPONSIBILITIES

The key function of the Audit Committee is to address the following specific responsibilities, while adapting its activities as appropriate to address changing priorities within these objectives:

- Financial reporting: reviewing the published half-year and annual financial statements and reports and advising the Board whether such information represents a fair, balanced and understandable view of the business; monitoring compliance with relevant statutory reporting 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 is undertaken to monitor compliance; 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 continued

REPORT OF THE AUDIT COMMITTEE CONTINUED

REVIEW PROCESSES

The Committee is specifically concerned with the following areas:

- External audit
- Risk management and internal control
- Internal audit
- Committee effectiveness

SIGNIFICANT ISSUES

During the year ended 28 February 2018, the significant issues considered by the Committee included:

ANNUAL REPORT

The Committee reviewed the presentation of the Group's results for the year in this Annual Report. As part of this review, it 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 considered for the year ended 28 February 2018 were:

- Revenue recognition; a material amount of the Group's revenue is recognised on completion of certain actions in a contract between two or more independent third parties. Judgement is therefore required as to whether and when the third parties' obligations have been fulfilled in order for revenue to be recognised in the appropriate period;
- 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 what any premium paid for a business represents as well as then carrying out a detailed calculation of fair values;
- Determination of fair value of deferred and contingent consideration ("Earn-out"): deferred and contingent consideration is initially recognised at fair value and subsequently reassessed at each reporting date to reflect changes in estimates and assumptions. Fair value is determined using an income approach which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate;
- 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; and
- 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 to the financial statements.

OTHER AREAS

In addition, the other areas reviewed by the Committee during the year were:

- reviewing the Group's interim results and statement prior to review by the Board;
- monitoring the Group's anti-bribery and corruption procedures and the ongoing training programme that is provided to staff across the Group;
- reviewing the Group's accounting policies and standards and assessing the impact of the new accounting standards coming in over the next two years;
- reviewing the level of audit fees in comparison to the total fees paid to the auditors for non-audit work. This year the audit fee represents 37% of the total fees. This was particularly impacted by the non-audit work associated with the Class 1 transaction to acquire Naves Corporate Finance GmbH. If this one-off impact is excluded, the audit fee represents 93% of the total fees. In line with the FRC's Revised Ethical Standard (2016) an audit firm is only appointed to perform a service when doing so would be consistent with both the requirements and overarching principles of the Ethical Standard, and when its skills and expertise make it the most suitable supplier. The Committee accepts that some non-audit work is most appropriately undertaken by the external auditors and, with the application of its policy for the approval of non-audit services, the Committee believes that the current level of non-audit work is acceptable and do not compromise the auditors objectivity and independence;
- agreeing the audit scope and related audit fee for the year with the external auditors. The Company is required and intends to put the audit out for tender no later than May 2020 results and the Committee is considering the most appropriate timing for this;
- considered the quality of the audit and the performance of our external auditors, taking into account feedback from various stakeholders across the business, and the committee's own assessment. The committee considered the robustness of the audit process, quality and timeliness of delivery, reporting and people and services. The committee concluded that the performance of the external auditors was effective;
- review of the Group risk assessment and an independent analysis of Group-wide risk in conjunction with PwC;
- reviewing the Group's internal audit programme (detailed on page 42) and considering the approach for the 2018/2019 financial year;
- a review of Group-wide insurance coverage and the Group's management approval processes, particularly in light of the impact of the Company's recent acquisitions; and
- a review of the Group's IT Risk Recovery Strategy, including its approach to identifying and mitigating for the most significant security risks to the Group along with its ongoing programme of and its investment in Group-wide IT infrastructure.

Lesley Watkins
On behalf of the Audit Committee
14 May 2018

REPORT OF THE NOMINATION COMMITTEE

David Moorhouse CBE, FNI, Chairman of the Nomination Committee

Membership and attendance

	Attended
David Moorhouse	1/1
Jürgen Breuer	1/1
Alastair Farley	1/1
Mark Tracey	1/1
Lesley Watkins	0/0*

* Lesley Watkins was appointed to the Nomination Committee on 26 September 2017

The Nomination Committee comprises four independent non-executive Directors, including the Chairman of the Board, who Chairs the Committee. Its meetings are attended, by invitation by the Group Chief Executive, the Group Finance Director, the General Counsel and external advisers. Its terms of reference can be found in the Investors section of the Company's website. The Nomination Committee met once in the year.

KEY FUNCTION AND RESPONSIBILITIES

The primary responsibilities of the Nomination Committee are to ensure that the Company has appropriate plans in place for succession to the Board and senior management, to lead the process for Board appointments and to ensure that the Board and its Committees have the right balance of skills, experience, independence and knowledge.

SUCCESSION PLANNING

The Group's 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 also monitors the senior roles within the Group to assess 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.

Corporate governance statement continued

REPORT OF THE NOMINATION COMMITTEE CONTINUED

CHANGES TO THE NON-EXECUTIVE TEAM

During the year, the Committee executed its succession plan for the Audit Committee Chair. The Committee appointed Korn Ferry to assist with the process Korn Ferry is an international executive search firm and has no other connection with the Company. This process resulted in the appointment of Lesley Watkins as an independent, non-executive Director in June 2017. After a handover period, Lesley Watkins succeeded Alastair Farley as Audit Committee Chair, and Senior Independent Director, upon his retirement from the Board on 14 December 2017.

During the course of the year, the Head of the Logistics division and a member of the Executive Committee, Kevin Gorman, left the business by reason of termination of employment. He was succeeded by Peter Wilson and Alex Field as joint heads of the division responsible for Agency and Freight Forwarding respectively. They report directly to James Kidwell, Group CEO, who currently represents the division at the Executive Committee.

DIVERSITY

The Group's approach to diversity is unchanged: we continue to take 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. Our duty is to ensure that the best candidate is selected to join the Board and, as such, have not set prescriptive, quantitative targets.

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

For more information on our Diversity Policy, please refer to page 30.

David Moorhouse CBE, FNI
On behalf of the Nomination Committee
14 May 2018

Directors' remuneration report

ANNUAL STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Jürgen Breuer, Chairman of the Remuneration Committee

NUMBER OF MEETINGS IN 2017/18: 5

	Attended
Jürgen Breuer	5/5
Mark Tracey	5/5
Lesley Watkins*	0/0
Alastair Farley*	5/5

* Lesley Watkins was appointed to the Remuneration Committee after the meeting on 26 September 2017 and Alastair Farley retired from the Committee on 14 December 2017

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 AT 2017 AGM

Last year, ahead of seeking shareholder approval for the renewal of our Remuneration Policy at the 2017 AGM, the Committee reviewed the framework and concluded that it remained appropriate in the context of the philosophy described above.

Directors' remuneration report continued

ANNUAL STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE CONTINUED

The only material change was to introduce a two year post-vesting holding period into the LTIP, in line with best practice. 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;
- a normal annual LTIP award of 100% of salary based on stretching performance targets. Vested awards are subject to a two year holding period;
- clawback provisions on all incentive elements;
- shareholding guidelines of 100% of salary.

Shareholders approved the Remuneration Policy at the 2017 AGM and we will continue to operate under this Policy for 2018/19.

INCENTIVES FOR 2017/18

- Executive incentives for 2017/18 included consideration of key strategic and operational targets as well as overall financial performance of the Group. These targets were tailored to reflect individual executive roles and responsibilities within the Group. James Kidwell and Louise Evans participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of salary. For 2017/18, the annual bonus was based on a mix of financial, strategic and operational objectives aligned to the business priorities for the year. Based on performance against the stretching objectives set by the Committee, it was determined that James Kidwell and Louise Evans would receive bonus outcomes of 50% and 60% of the maximum opportunity, respectively. The Committee believes these outcomes appropriately reflect the performance of the business for the year. In accordance with our Policy, one third will be deferred into Braemar shares for three years. Further details on the performance targets and achieved outcomes is set out on page 52 of this report.
- Based on performance over the three years ending 28 February 2018, the LTIP awards made in June 2015 did not meet the minimum performance condition over the three-year vesting period and will therefore lapse in June 2018.
- In last year's report, we reported our intention to grant LTIP awards during 2017/18 at a level of 100% of salary subject to EPS performance over the three years to 2019/20. Ultimately, regulatory restrictions on the ability to grant share awards as a result of the acquisition activity undertaken in the year has meant that these awards have not yet been granted. The Committee intends, however, to grant these awards during 2018/19.

APPROACH TO 2018/19

- The Committee reviewed the salaries of the executive Directors and agreed that there will be no increases for 2018/19.
- As described above, during 2018/19 the Committee proposes to grant the executive Directors their outstanding 2017/18 awards (over 100% of salary) plus their 2018/19 awards (over a further 100% of salary). As disclosed last year the 2017/18 awards will vest by reference to Underlying Earnings Per Share (EPS) achieved in the 2019/20 financial year. The 2018/19 awards will vest by reference to EPS achieved in the 2020/21 financial year. For the 2018/19 awards threshold vesting (25% of the maximum) will occur for EPS of 33 pence while maximum vesting will require EPS of 44 pence. The Committee believes that these proposed targets are appropriately stretching in the context of the trading environment and are set significantly in excess of current market expectations.

VOTING AT OUR 2017 AGM

Our Remuneration Policy and the Annual Remuneration Report in respect of 2016/17 were approved by shareholders at the 2017 AGM. The Committee noted that both resolutions received a vote in favour of just above 78%. Upon review, the Committee noted that the outcome for both of these resolutions principally reflected the voting of two individual investors holding approximately 4% of the total voting capital. In the context that only 21% of the total voting capital was actually voted at the 2017 AGM, this amplified the impact of those votes against. However, the Committee believes that voting outcomes of 78% are not representative of the views of the broader shareholder base and the Committee is not aware of any material concerns around executive remuneration held by other major investors or shareholder bodies.

STRUCTURE OF THE REPORT

The report has been prepared in two sections:

1) the Remuneration Policy (pages 49-51). This includes for information purposes, a summary of the Remuneration Policy which was approved by shareholders at the 2017 AGM; and

2) the Annual Report on Remuneration (pages 52-56) which sets out the details of how our Remuneration Policy was implemented during 2017/18 and how it will be implemented in 2018/19. This will be put to an advisory shareholder vote at our 2018 AGM.

Jürgen Breuer
Chairman, Remuneration Committee
14 May 2018

REMUNERATION POLICY

The Remuneration Committee is not proposing to make any changes to the Remuneration Policy approved by shareholders at the 2017 AGM. The full Policy is contained on pages 40-45 of the annual report for the year ended 28 February 2017, and can be found on our website at http://braemar.com/investors/. Key extracts of the current Policy are shown below for information.

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 2018/19 are set out on page 52 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.

Directors' remuneration report continued

ANNUAL STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE CONTINUED

POLICY TABLE FOR EXECUTIVE DIRECTORS

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 51.	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 51.	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. 25% vests for threshold performance.

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.

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.

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.

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 2018
Executive		
James Kidwell	20 June 2012	**12 months**
Louise Evans	31 March 2015	**6 months**
Non-executive		
David Moorhouse CBE	4 July 2014	**1 month**
Jürgen Breuer	25 July 2014	**1 month**
Mark Tracey	25 July 2014	**1 month**
Lesley Watkins	24 May 2017	**1 month**

Directors' remuneration report continued

ANNUAL REMUNERATION REPORT

IMPLEMENTATION OF THE POLICY FOR 2018/19

This section sets out details of how the Committee intends to apply the Policy to the current executive Directors in the 2018/19 financial year.

BASE SALARY

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

	2017/18 £'000	2018/19 £'000	Change
James Kidwell	350	350	0%
Louise Evans	225	225	0%

BENEFITS AND PENSION

Executive directors will receive benefits and pension in line with the Policy.

ANNUAL BONUS

The Annual Bonus for James Kidwell and Louise Evans will be based on a combination of performance measures linked to Group financial performance and the achievement of Group strategy and operational objectives for the year. In accordance with our Policy, one third of any bonus earned will be deferred into shares for three years.

LTIP

As described above, the LTIP awards which the Committee intended to grant to executive Directors during 2017/18 at the level of 100% of salary were not ultimately granted due to regulatory restrictions. These awards will therefore now be granted in this financial year.

The Committee has determined that the LTIP awards to James Kidwell and Louise Evans in respect of 2018/19 will again be made at the level of 100% of salary. These LTIP awards will vest by reference to the Underlying EPS achieved in the 2020/21 financial year (the final year of the performance period for this award. The performance target ranges are shown below.

50% of the award based on Underlying EPS achieved in the financial year 2020/21	Vesting
Below 33p	0%
33p	25%
44p or above	100%

Vesting between the points above is on a straight-line basis. In the event of a material acquisition(s) during the performance period, or share buy-backs or other exceptional events, the Committee would retain discretion to adjust the targets.

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 2018/19 for the Chairman and non-executive Directors will remain unchanged and is summarised in the table below.

	2017/18 £'000	2018/19 £'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 2017/18

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2018. Those sections that have been audited have been identified below.

SINGLE TOTAL FIGURE OF REMUNERATION FOR 2017/18 (AUDITED)

The remuneration of the executive Directors in respect of 2017/18 is shown in the table below (with the prior year comparative).

	Base salary		Benefits(i)		Pension(ii)		Annual Bonus(iii)		LTIP(iv)		Total	
£'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000
James Kidwell	350	350	2	2	52	52	175	0	0	0	579	404
Louise Evans	225	225	1	1	34	34	135	0	0	0	395	260

(i) Benefits include private 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 2017/18 column shows a value of zero in respect of the 2015 LTIP award which lapsed in full as the performance targets measured to 2017/18 were not met.

The fees of the non-executive Directors in respect of 2017/18 are shown in the table below (with the prior year comparative).

	Fees	
	2017/18 £'000	2016/17 £'000
David Moorhouse CBE	120	120
Jürgen Breuer	50	50
Mark Tracey	43	43
Alastair Farley[(i)]	42	53
Lesley Watkins[(ii)]	36	–

(i) Alastair Farley retired from the Board on 14 December 2017.
(ii) Lesley Watkins was appointed to the Board on 23 June 2017.

PAYMENTS TO PAST DIRECTORS (AUDITED)

None.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

None.

ANNUAL BONUS FOR 2017/18 (AUDITED)

James Kidwell and Louise Evans participated in the annual performance-related bonus arrangements, with a maximum Annual Bonus opportunity of 100% of salary. The annual bonus was based on a mix of financial, strategic and operational objectives aligned to the business priorities for the year, assessed against stretching objectives set by the Committee. A summary of the measures and outcomes is shown in the table, with detailed commentary below.

	Group PBT		Divisional performance		Strategic objectives		Operational objectives		Total	
% of salary	Available	Achieved	Available	Achieved	Available	Achieved	Available	Achieved	Available	Achieved
James Kidwell	25%	0%	25%	0%	50%	50%	–	–	100%	50%
Louise Evans	40%	0%	–	–	30%	30%	30%	30%	100%	60%

- **Group PBT.** Achieved PBT for the year (excluding the contribution from acquired businesses) of £6.4 million fell short of the target for this element of £8.2 million and therefore there was no payout under this element.

- **Divisional performance.** A key priority for the year for James Kidwell was to rebuild performance in the Technical division. Although significant progress was made in this regard during the year, the profit achieved in the Technical division of £0.7 million fell short of the target of £2 million and therefore there was no payout under this element.

- **Strategic objectives.** During 2017/18 we completed two key strategic acquisitions and it was therefore appropriate to base a meaningful proportion of the bonus on the successful execution and subsequent integration of these value enhancing acquisitions. The targets were met in full and this component will therefore payout.

- **Operational objectives.** For Louise Evans, the Committee set a number of key operational objectives which were met in full. Key achievements included a significant strengthening of the financial team capability, improvements in cash management, improved deployment of common internal financial systems and enhanced external relationships with key financial stakeholders and advisors.

2015 LTIP AWARD – VESTING IN RESPECT OF 2017/18 (AUDITED)

The 2015 LTIP awards were granted in June 2015 and were based on performance over the three-year performance period ending in 2017/18 against the EPS targets set when the award was granted, summarised in the table below. Based on the annual results to February 2018 the Committee determined that the 2015 LTIP awards did not meet the minimum performance condition over the three-year vesting period and therefore will lapse in June 2018.

EPS GROWTH OVER THE THREE YEARS TO 2017/18	Vesting
Less than 5% per annum	0%
5% per annum	25%
13% per annum, or higher	100%

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

LTIP AWARD – GRANTED DURING 2017/18 (AUDITED)

No LTIP awards were granted to executive Directors during the year, although as explained above, and as disclosed in the Directors' Remuneration Report for 2016/17, the intention had been to grant LTIP awards during 2017/18 at a level of 100% of salary subject to EPS performance over the three years to 2019/20. Ultimately, regulatory restrictions on the ability to grant share awards as a result of the acquisition activity undertaken in the year meant that these awards were never granted. The Committee will therefore make these awards in 2018/19. LTIP awards for 2018/19 will also be made (as described on page 52).

Directors' remuneration report continued

ANNUAL 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 2018. This shows that James Kidwell has met the shareholding guideline. Louise Evans has yet to meet the guideline but was appointed to the Board in June 2015 and is therefore within the five-year timescale to meet the guideline.

	Number of shares beneficially held at 28 February 2018	Shareholding as % of salary[1]	Guideline met?
Executive Directors			
James Kidwell	178,247	124%	Yes
Louise Evans	11,483	12%	No
Non-executive Directors			
David Moorhouse CBE	49,351		
Jürgen Breuer	51,000		
Mark Tracey	20,425		
Lesley Watkins	–		

	Awards held at 1 Mar 2017	Grant date	Share price on grant £	Granted	Exercised/ released	Lapsed	Awards held at 28 Feb 2018	Exercise price £	From	To
James Kidwell										
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	78,343	17 Jun 16	4.47	–	–	–	78,343	–	17 Jun 19	17 Jun 26
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	16,403	27 May 16	4.42	–	–	–	16,403	–	27 May 19	27 May 26
2015 SAYE	2,235	1 Aug 15	4.62	–	–	(2,235)	–	4.21	1 Aug 18	1 Feb 19
2017 SAYE	–	15 Jun 17	3.06	3,672	–	–	3,672	2.45	1 Aug 20	1 Feb 21
Louise Evans										
2015 LTIP	21,052	23 Jun 15	4.80	–	–	–	21,052	–	23 Jun 18	23 Jun 25
2016 LTIP	50,363	17 Jun 16	4.47	–	–	–	50,363	–	17 Jun 19	17 Jun 26
2016 DBP	7,811	27 May 16	4.42	–	–	–	7,811	–	27 May 19	27 May 26
2017 SAYE	–	15 Jun 17	3.06	3,672	–	–	3,672	2.45	1 Aug 20	1 Feb 21

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 closing share price on 28 February 2018.

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

The performance conditions attached to the outstanding LTIP awards are as follows: 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. As described above, the 2015 LTIP awards will lapse in June 2018 having failed to meet the performance thresholds.

PERCENTAGE CHANGE IN REMUNERATION OF THE CEO

The year-on-year percentage change in the salary, benefits and annual bonus of the CEO and average for all Group employees for 2017/18 compared to 2016/17 is shown in the table below.

	CEO	All Group employees
Salary	0%	(10)%
Benefits	0%	(7)%
Annual Bonus	N/A*	2%

*The CEO bonus in 2016/17 was zero and therefore this percentage cannot be calculated.

RELATIVE IMPORTANCE OF SPEND ON PAY

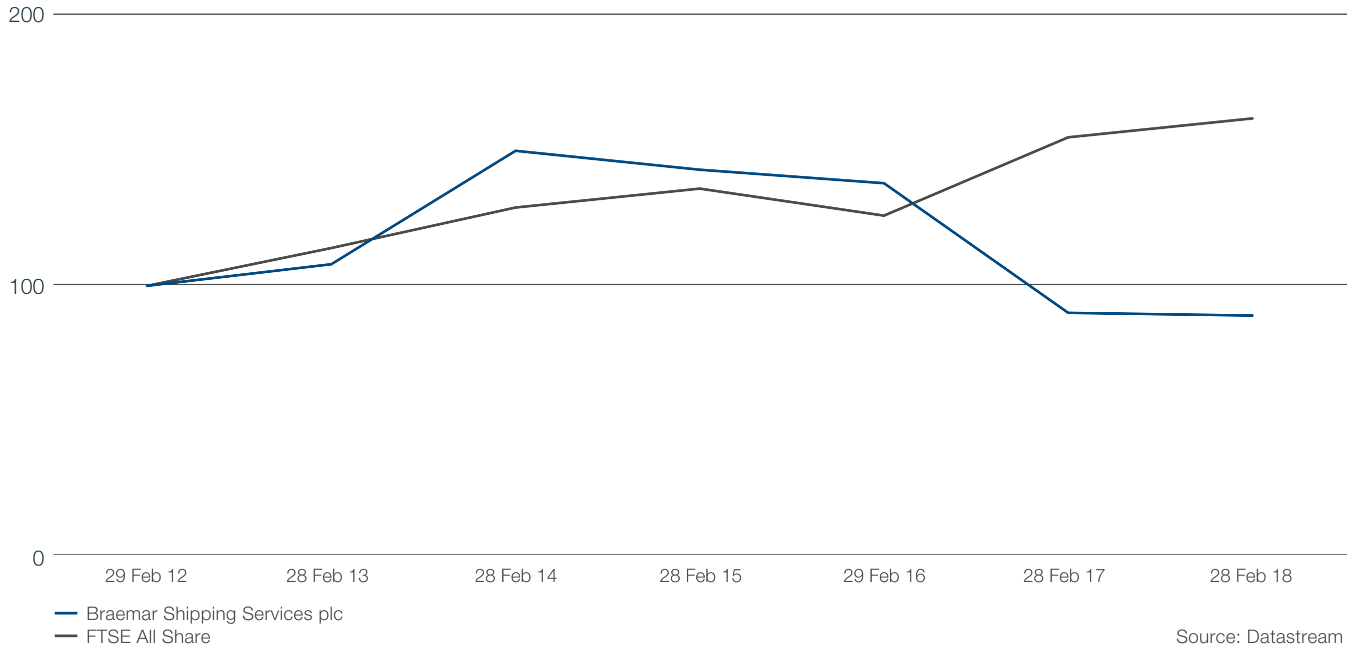
The chart below shows total employee remuneration and distributions to shareholders in respect of 2017/18 and 2016/17 (and the difference between the two).

	2017/18 £ million	2016/17 £ million	Change (%)
Total employee remuneration	**75.0**	83.9	(11)
Distributions to shareholders	**3.0**	7.9	(62)

Performance graph and table

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

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



CEO	**2017/18 £'000 James Kidwell**	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)]
Single total figure of remuneration	**579**	404	570	549	438	662
Annual Bonus[(ii)] (% of base salary)	**50%**	0%	60%	55%	23%	87%
LTIP vesting (% of maximum)	**0%**	0%	N/A[(iii)]	0%	0%	0%

(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.

Directors' remuneration report continued

ANNUAL REMUNERATION REPORT CONTINUED

CONSIDERATION OF DIRECTORS' REMUNERATION – REMUNERATION COMMITTEE AND ADVISERS

The Remuneration Committee is comprised solely of non-executive Directors and comprises Jürgen Breuer as Chairman, Mark Tracey and Lesley Watkins. 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 2017/18, 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 2017/18 in respect of the review of the Remuneration Policy. Fees of £16,950 were charged by Deloitte LLP for the provision of independent advice to the Committee. Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is comfortable that the Deloitte LLP engagement partner and team, that provide remuneration advice to the Committee, do not have connections with Braemar Shipping Services plc that may impair their objectivity and independence. Deloitte LLP provided no other services to the Group during the financial year.

STATEMENT OF VOTING AT ANNUAL GENERAL MEETING

At the Annual General Meeting held on 22 June 2017, 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 cast	Votes withheld
Resolution	#	%	#	%		
Approval of Remuneration Policy	4,515,598	78.27	1,253,979	21.73	5,785,465	15,888
Approval of Remuneration Report for year ending 28 February 2017	4,548,580	78.78	1,225,460	21.22	5,785,466	11,425

The Committee noted that both resolutions received a vote in favour of just above 78%. Upon review, the Committee noted that the outcome for both of these resolutions principally reflected the voting of two individual investors holding approximately 4% of the total voting capital. In the context that only 21% of the total voting capital was actually voted at the 2017 AGM, this amplified the impact of those votes against. However, the Committee believes that voting outcomes of 78% are not representative of the views of the broader shareholder base and the Committee is not aware of any material concerns around executive remuneration held by other major investors or shareholder bodies.

Jürgen Breuer
On behalf of the Remuneration Committee
14 May 2018

Directors' report

FOR THE YEAR ENDED 28 FEBRUARY 2018

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 1-29
- Likely future developments in the business of the Company or its subsidiaries on pages 1-29
- Greenhouse gas emissions on page 32
- Employee relations and equal opportunities on pages 30-33 and page 45
- Indication of branches outside the United Kingdom in About us on page 3
- Corporate Governance Statement on pages 40-46.

MANAGEMENT REPORT
This Directors' Report, on pages 57-59, together with the Strategic Report on pages 1-37, 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.

The convertible loan note instruments (described below) carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The loan notes shall automatically convert or be redeemed in the event that any person or persons acting in consent hold more than 50% of the issued share capital of the Group or an impairment charge in excess of €50 million is reflected in the audited financial statements of the Group.

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.

CONVERTIBLE LOAN NOTE INSTRUMENTS
On 26 September 2017, the Company completed the acquisition of Naves Corporate Finance GmbH. A new class of convertible loan note instruments formed a core part of the consideration for this transaction and the Group has committed to the issue of up to €24.0 million convertible loan note instruments in respect of this acquisition.

These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are Euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3 pence for management sellers and 450.3 pence for non-management sellers.

POLITICAL CONTRIBUTIONS
There were no political contributions during the year (2017: £nil).

SHARE CAPITAL AND VOTING RIGHTS
On the 26 September 2017, the Company issued 458,166 shares as consideration for the acquisition of NAVES Corporate Finance GmbH. These shares were admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange on 28 September 2017.

On 2 February 2018, the Company completed the acquisition of the entire issued share capital of Atlantic Brokers Holdings Limited. The company issued 804,426 shares to satisfy £2.1 million of the consideration. These shares were admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange on 7 February 2018.

During the year ended 28 February 2018 the Company issued no new shares pursuant to the exercise of employee share options (2017: 59,832).

At 28 February 2018 the total issued ordinary share capital was 31,436,351 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 22 June 2017. This authority expires at the conclusion of the next Annual General Meeting. The Company did not use this authority in either the year ended 28 February 2017 or the year ended 28 February 2018.

The Directors will seek the renewal of this authority at the 2018 Annual General Meeting in Resolution 14 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.

Directors' report continued

OPTIONS AND ESOP TRUST

The total number of options to subscribe for shares that were outstanding as at 14 May 2018 was 3,414,574, being 11% 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 10%.

395,000 shares were purchased by the ESOP Trust during the year ended 28 February 2018 (2017: 150,000). 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 5 March 2018 to 14 May 2018, 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 14 May 2018 the ESOP holds 609,798 shares.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the year and at the date of this report are shown on pages 38 and 40.

The Directors' beneficial interests in the ordinary shares and options of the Company at 28 February 2018 are disclosed in the Directors' Remuneration Report on page 54.

The Directors, in common with other employees of the Group, also have an interest in 359,798 (2017: 541,440) ordinary 10 pence shares held by SG Kleinwort Hambros Trust Company (CI) Ltd on behalf of the Employee Share Ownership Plan and in 75,540 (2017: 115,683) 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 2018 and 14 May 2018.

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

At 28 February 2018, Group employees and the Employee Share Ownership Plan owned approximately 17% of the shares in the Group. The working vendors of Naves Corporate Finance GmbH currently hold €5.2 million of convertible loan note instruments.

At 28 February 2018, 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.

Downing LLP	6.85%
Chelverton Asset Management	6.04%
Hargreaves Lansdown	5.54%
Charles Stanley & Co	5.43%
Barclays Stockbrokers Limited	4.20%
Quentin Soanes	3.89%
JM Finn & Co	3.37%
Interactive Investor Trading Limited	3.36%
Alan Marsh	3.09%

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 41 and 42 and in the Strategic Report on pages 34-37.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements 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 International Financial Reporting Standards as adopted by the European Union ("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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report and directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, 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.

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 2018 Annual General Meeting of the Company will be held at 2pm on 22 June 2018 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

Peter Mason
Company Secretary
14 May 2018

Independent Auditor's Report

TO THE MEMBERS OF BRAEMAR SHIPPING SERVICES PLC

1 OUR OPINION IS UNMODIFIED

We have audited the financial statements of Braemar Shipping Services plc ("the Company") for the year ended 28 February 2018 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Group and Company Balance Sheets, Group and Company Cash Flow Statements, Group and Company Statements of Changes in Total Equity, and the related notes, including the accounting policies in Note 1.

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 2018 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the shareholders on 5 November 2010. The period of total uninterrupted engagement is for the 8 financial years ended 28 February 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements, including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Overview:
Risk of material misstatement vs 2017:
Recurring risks: Recoverability of Trade Receivables and Accrued Income ◀▶
Recognition of Shipbroking Revenue ◀▶
Parent: Recoverability of Parent Company's Investment in Subsidiaries ◀▶
New risk: Valuation of Intangibles for NAVES Corporate Finance GmBH ⇧

Valuation of Intangibles for NAVES Corporate Finance GmBH
Refer to page 44 (Report of the Audit Committee), Note 1c) of the accounting policies and Note 15 to the financial statements.

FORECAST BASED VALUATION

On 26 September 2017, the Group acquired the entire share capital of NAVES Corporate Finance GmbH. As a result, the Group recognised total intangible assets of £3.9 million, of which £0.5 million related to brand intangibles and £3.4 million related to acquired customer contracts. There is significant judgement with regard to assumptions and estimates involved in the forecasting of future cash flows, which form the basis of the assessment of the valuation of such brand and customer contract intangibles. The key assumptions included are forecast revenue, the royalty rate applied, the expected life of the acquired brand and customer contract and the discount rate used.

Our procedures included:

- **Assessing the forecasts:** assessing cash flows used in the forecasts by comparing actual performance against expected performance at the time of acquisition. Challenging the assumptions and growth rates used in the cash flows included in the future budgets based on our knowledge of the Company;
- **Methodology choice:** Assessing the appropriateness of the valuation methodology applied to both the brand and the customer contracts with the assistance of our own valuation specialists;
- **Benchmarking assumptions:** Challenging the Group's assumptions by checking to externally derived publicly available data, in relation to key inputs such as royalty and discount rates;
- **Sensitivity analysis:** We performed sensitivity analysis over the royalty rate, discount rate and projected cash flows used in the valuations of intangibles;
- **Our sector experience:** Assessing the useful economic life of the brand and customer contracts based on historical knowledge of the business; and
- **Assessing transparency:** Assessing the adequacy of the Group's disclosures over the determination of the valuation of the intangibles on acquisition.

Our findings:

We found the fair value of the intangibles acquired as part of the NAVES Corporate Finance GmBH acquisition to be acceptable.

Recoverability of Trade Receivables and Accrued Income £42.7 million (2017: £49.1 million) Risk vs 2017: ◀▶,
Refer to page 44 (Report of the Audit Committee), Note 1m) of the accounting policies and Note 19 to the financial statements.

SUBJECTIVE ESTIMATE

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 and estimation, including consideration of historical payment patterns and other information related to the current creditworthiness of the counterparty.

Our procedures included:

- **Tests of details:** Testing a sample of trade receivable and accrued income balances to determine whether the judgements made by management in making any provisions were consistent with Group policy. This 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;
- **Historical comparisons:** 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; and
- **Assessing transparency:** Considering the adequacy of the Group's disclosures around the degree of judgement and estimation involved in arriving at the provision.

Our findings:

We found the Group's assessment of the recoverability of its trade receivables and accrued income to be acceptable (2016 result: acceptable).

Recognition of Shipbroking Revenue £61.8 million (2017: £63.1 million)
Refer to page 44 (Report of the Audit Committee), Note 1d) of the accounting policies and Note 2 to the financial statements.

Independent Auditor's Report continued

BACKGROUND
The Group's Shipbroking division recognises commission revenue at a date which is dependent upon the completion of certain actions such as billing milestones or sailing date, as agreed in the contract by two or more independent third parties. Braemar has little control over when and if these parties fulfil their contractual obligations.

SUBJECTIVE JUDGEMENT
Judgement is therefore required as to whether and when the third parties' obligations have been fulfilled in order for commission revenue to be recognised and therefore whether revenue has been recognised in the appropriate period.

2017/2018 SALES
There is a risk that commission revenue could be recognised in the incorrect period.

Our procedures included:

- **Control operation:** Evaluating the processes and controls over authorisation and segregation of duties in relation to revenue invoices posted in the UK;
- **Data Analytics:** For the UK Shipbroking division, making up the largest proportion of Shipbroking revenue, testing the IT control environment of the accounting and operating system, and matching invoices posted in both systems to cash receipts and investigating any anomalies;
- **Tests of details:** Agreeing the details of a sample of Shipbroking transactions to invoices and the underlying contract for evidence of when both the third parties and the Group fulfilled their performance obligations;
- **Tests of details:** for each type of Shipbroking transaction, tracing the same sample of transactions above to the accounting records to determine whether the associated revenue was appropriately recognised in the correct period in accordance with the invoice and underlying contract and assessing whether the revenue recognition is in accordance with relevant accounting standards and the Group's accounting policies; and
- **Assessing transparency:** assessing whether the Group's revenue disclosures are appropriate and in accordance with relevant accounting standards.

Our findings:
We considered the amount of Shipbroking revenue recognised to be acceptable (2016 result: acceptable).

The Risk	Our response

Parent: Recoverability of Parent Company's Investment in Subsidiaries £119.3 million (2017: £110.5 million)
Refer to page 44 (Report of the Audit Committee), Note 1j) of the accounting policies and Note 17 to the financial statements.

The carrying amount of the Parent Company's investments in subsidiaries represents 77% (2017: 91%) of the Parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.

Our procedures included:

- **Benchmarking assumptions:** Challenging the assumptions used in the cash flows included in the budgets based on our knowledge of the Group and the markets in which the subsidiaries operate;
- **Historical comparisons:** Assessing the reasonableness of the budgets by considering the historical accuracy of the previous forecasts;
- **Our sector experience:** Evaluating the current level of trading, including identifying any indications of a downturn in activity, by examining the post year end management accounts and considering our knowledge of the Group and the market; and
- **Assessing transparency:** Assessing the adequacy of the parent company's disclosures in respect of the investment in subsidiaries balance.

Our findings:
We found the Directors' assessment of the recoverability of the investment in subsidiaries to be acceptable (2016 result: acceptable).

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 (2017: £0.8 million), determined with reference to the benchmark of Group total revenue of £133.4 million (2017: £139.8 million), of which it represents less than 1% (2017: less than 1%). We consider total revenue to be the most appropriate benchmark as it provides a more stable measure than profit or loss before tax as it is the Directors' and external shareholders' principal metric of performance.

Materiality for the Parent Company financial statements as a whole was set at £0.6 million (2017: £0.6 million), determined with reference to a benchmark of Company total assets and chosen to be lower than materiality for the Group financial statements as a whole. It represents less than 1% (2017: less than 1%) of total assets.

We report to the Audit Committee:

i. all material corrected identified misstatements;
ii. uncorrected identified income statement misstatements exceeding £40,000 (2017: £40,000) and balance sheet classification misstatements exceeding £80,000 (2017: £80,000); and
iii. other identified misstatements that warrant reporting on qualitative grounds.

SCOPING AND COVERAGE

Of the Group's 123 reporting components (2017: 112), 18 were subject to an audit for Group reporting purposes (2017: 20) and 11 to specified risk-focused audit procedures over revenue, trade receivables, accrued income, cash and payroll expenses (2017: 12). 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	59%	56%	66%
Specific risk focused audit procedures	11	30%	29%	16%
Total (2018)	**31**	**89%**	**85%**	**82%**
Audits for Group reporting purposes	20	70%	70%	67%
Specific risk focused audit procedures	12	20%	16%	15%
Total (2017)	**32**	**90%**	**86%**	**82%**

The remaining 11% (2017: 10%) of total Group Revenue, 15% (2017: 14%) of Group profit before tax and 18% (2017: 18%) of total Group assets is represented by 92 reporting components (2017: 80), none of which individually represented more than 3% of any of total Group revenue, 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.

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 components' materiality, which ranged from £14,800 to £0.6 million, having regard to the mix of size and profile of the Group across the components. The work on 23 of the 31 in-scope components (2017: 6 of the 32 in-scope components) was performed by component auditors and rest by the Group team.

In 2018, the Group audit team visited 4 components in the United States, 4 components in Singapore, 1 component in Australia and 1 component in Germany (2017: 4 components in the United States and 4 components in Singapore). Additionally, the Group audit team held telephone conference meetings with all component auditors of reporting components and the findings reported to the Group audit team were discussed in more detail. At these visits and meetings, the Group audit team reviewed the audit files of the component auditors and any further work required by the Group audit team was then performed by the component auditor.

Our audit of the Parent Company was undertaken to the materiality level specified above and was all performed at the Company's head office in London, United Kingdom.

4 WE HAVE NOTHING TO REPORT ON GOING CONCERN

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 37 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5 WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

STRATEGIC REPORT AND DIRECTORS' REPORT

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report continued

DIRECTORS' REMUNERATION REPORT
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

DISCLOSURES OF PRINCIPAL RISKS AND LONGER-TERM VIABILITY
Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:
- the directors' confirmation within the Viability statement on page 37 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability statement. We have nothing to report in this respect.

CORPORATE GOVERNANCE DISCLOSURES
We are required to report to you if:
- we have identified material inconsistencies between the knowledge we acquired during our financial statements 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 section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
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.

We have nothing to report in these respects.

7 RESPECTIVE RESPONSIBILITIES
DIRECTORS' RESPONSIBILITIES
As explained more fully in their statement set out on pages 58 to 59, the Directors are responsible for: the preparation of the financial statements, including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

IRREGULARITIES – ABILITY TO DETECT

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (included related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8 THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
14 May 2018

Consolidated income statement

FOR THE YEAR ENDED 28 FEBRUARY 2018

CONTINUING OPERATIONS	Notes	28 Feb 2018 Underlying £'000	28 Feb 2018 Specific items £'000	28 Feb 2018 Total £'000	28 Feb 2017 Underlying £'000	28 Feb 2017 Specific items £'000	28 Feb 2017 Total £'000
Revenue	2	133,409	–	133,409	135,935	–	135,935
Cost of sales	3	(24,767)	–	(24,767)	(27,168)	–	(27,168)
Gross profit		108,642	–	108,642	108,767	–	108,767
Operating (expense)/income:							
Other operating costs		(100,471)	–	(100,471)	(104,540)	–	(104,540)
Restructuring costs	8	–	–	–	–	(2,892)	(2,892)
Gain on sale of investment	8	–	–	–	–	1,664	1,664
Acquisition and disposal-related expenditure	8	–	(9,067)	(9,067)	–	(2,485)	(2,485)
		(100,471)	(9,067)	(109,538)	(104,540)	(3,713)	(108,253)
Operating (loss)/profit	2,3	8,171	(9,067)	(896)	4,227	(3,713)	514
Finance income	6	95	–	95	61	–	61
Finance costs	6	(531)	(182)	(713)	(364)	–	(364)
(Loss)/profit before taxation		7,735	(9,249)	(1,514)	3,924	(3,713)	211
Taxation	7	(1,422)	545	(877)	(761)	741	(20)
(Loss)/profit for the year from continuing operations		6,313	(8,704)	(2,391)	3,163	(2,972)	191
Loss for the year from discontinued operations	9	–	(503)	(503)	–	(680)	(680)
Profit/(loss) for the year attributable to equity shareholders of the parent		6,313	(9,207)	(2,894)	3,163	(3,652)	(489)
Earnings per ordinary share							
Basic	11	21.14p		(9.70)p	10.72p		(1.66)p
Diluted	11	19.51p		(9.70)p	9.70p		(1.66)p

The accompanying notes form an integral part of these Financial statements.

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 28 FEBRUARY 2018

	Notes	28 Feb 2018 £'000	28 Feb 2017 £'000
Loss for the year		**(2,894)**	(489)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on employee benefit schemes – net of tax		**339**	(2,956)
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences on retranslation of foreign operations	28	**(3,674)**	2,172
Cash flow hedges – net of tax	28	**808**	305
Total comprehensive expense for the year attributable to equity shareholders of the parent		**(5,421)**	(968)

The accompanying notes form an integral part of these Financial statements.

Balance sheets

AS AT 28 FEBRUARY 2018

	Notes	Group As at 28 Feb 2018 £'000	Group As at 28 Feb 2017 £'000	Company As at 28 Feb 2018 £'000	Company As at 28 Feb 2017 £'000
Assets					
Non-current assets					
Goodwill	13	**88,961**	77,806	**–**	–
Other intangible assets	14	**3,393**	2,215	**–**	–
Property, plant and equipment	16	**3,322**	4,561	**–**	–
Investments	17	**1,356**	1,356	**119,324**	110,528
Deferred tax assets	7	**3,120**	3,584	**–**	–
Other long-term receivables	18	**300**	385	**–**	14
		100,452	89,907	**119,324**	110,542
Current assets					
Trade and other receivables	19	**52,605**	57,199	**36,081**	11,185
Derivative financial instruments	20	**159**	–	**–**	–
Assets held for sale	9	**2,865**	–	**–**	–
Cash and cash equivalents	21	**5,424**	7,674	**–**	–
		61,053	64,873	**36,081**	11,185
Total assets		**161,505**	154,780	**155,405**	121,727
Liabilities					
Current liabilities					
Derivative financial instruments	20	**–**	852	**–**	–
Trade and other payables	22	**41,462**	45,855	**37,099**	13,760
Short-term borrowings	23	**7,873**	622	**22,061**	9,698
Current tax payable		**1,858**	996	**–**	–
Provisions	24	**320**	854	**–**	–
Convertible loan notes and deferred consideration	15	**366**	–	**–**	–
Liabilities directly associated with assets classified as held for sale	9	**766**	–	**–**	–
		52,645	49,179	**59,160**	23,458
Non-current liabilities					
Deferred tax liabilities	7	**999**	836	**–**	–
Provisions	24	**424**	288	**–**	–
Convertible loan notes and deferred consideration	15	**10,341**	–	**–**	–
Pension deficit	25	**3,437**	4,305	**–**	–
		15,201	5,429	**–**	–
Total liabilities		**67,846**	54,608	**59,160**	23,458
Total assets less total liabilities		**93,659**	100,172	**96,245**	98,269
Equity					
Share capital	26	**3,144**	3,018	**3,144**	3,018
Share premium	26	**55,805**	52,510	**55,805**	52,510
Shares to be issued	27	**(2,701)**	(2,962)	**(2,701)**	(2,962)
Other reserves	28	**26,085**	28,951	**21,742**	21,742
Retained earnings		**11,326**	18,655	**18,255**	23,961
Total equity		**93,659**	100,172	**96,245**	98,269

The accounts on pages 66 to 107 were approved by the Board of Directors on 14 May 2018 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 2018

	Notes	Group 28 Feb 2018 £'000	Group 28 Feb 2017 £'000	Company 28 Feb 2018 £'000	Company 28 Feb 2017 £'000
Cash flows from operating activities					
Cash generated from operations	29	**3,704**	6,630	**(5,047)**	1,462
Interest received		**95**	61	**32**	–
Interest paid		**(619)**	(364)	**(502)**	(351)
Tax paid		**(119)**	(1,656)	**–**	–
Net cash generated from/(used in) operating activities		**3,061**	4,671	**(5,517)**	1,111
Cash flows from investing activities					
Purchase of property, plant and equipment and computer software	14, 16	**(995)**	(990)	**–**	–
Acquisition of businesses, net of cash acquired		**(5,933)**	–	**(10,065)**	–
Proceeds from sale of investments		**–**	1,779	**–**	–
Other long-term assets		**110**	(30)	**14**	16
Net cash (used in)/from investing activities		**(6,818)**	759	**(10,051)**	16
Cash flows from financing activities					
Proceeds from borrowings		**11,537**	622	**11,537**	622
Repayment of borrowings		**(4,285)**	(2,300)	**(4,285)**	(2,300)
Proceeds from issue of ordinary shares, excluding acquisitions		**-**	203	**–**	203
Dividends paid	10	**(2,974)**	(7,858)	**(2,974)**	(7,858)
Gift to ESOP for purchase of shares		**(1,073)**	(650)	**(1,073)**	(650)
Net cash used in financing activities		**3,205**	(9,983)	**3,205**	(9,983)
Decrease in cash and cash equivalents		**(552)**	(4,553)	**(12,363)**	(8,856)
Cash and cash equivalents at beginning of the period	21	**7,674**	11,497	**(9,698)**	(842)
Reclassified as held for sale	9	**(144)**	–	**–**	–
Foreign exchange differences		**(1,554)**	730	**–**	–
Cash and cash equivalents at end of the period	21	**5,424**	7,674	**(22,061)**	(9,698)

The accompanying notes form an integral part of these Financial statements.

Statements of changes in total equity

FOR THE YEAR ENDED 28 FEBRUARY 2018

GROUP	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
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
Gift to ESOP for 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
Loss for the year	–	–	–	–	(2,894)	(2,894)
Actuarial gain on employee benefits schemes – net of tax	–	–	–	–	339	339
Foreign exchange differences	–	–	–	(3,674)	–	(3,674)
Cash flow hedges – net of tax	–	–	–	808	–	808
Total recognised expense in the year	–	–	–	(2,866)	(2,555)	(5,421)
Dividends paid	–	–	–	–	(2,974)	(2,974)
Issue of shares	126	3,295	–	–	–	3,421
Gift to ESOP for purchase of own shares	–	–	(1,073)	–	–	(1,073)
ESOP shares allocated	–	–	1,334	–	(2,629)	(1,295)
Credit in respect of share option schemes	–	–	–	–	1,662	1,662
Deferred tax on items taken to equity	–	–	–	–	(833)	(833)
At 28 February 2018	**3,144**	**55,805**	**(2,701)**	**26,085**	**11,326**	**93,659**

COMPANY	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
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
Gift to ESOP for purchase of shares	–	–	(650)	–	–	(650)
ESOP shares allocated	–	–	1,127	–	(1,127)	–
Credit in respect of share option schemes	–	–	–	–	2,793	2,793
At 29 February 2016	3,018	52,510	(2,962)	21,742	23,961	98,269
Loss for the year	–	–	–	–	(1,765)	(1,765)
Dividends paid	–	–	–	–	(2,974)	(2,974)
Issue of shares	126	3,295	–	–	–	3,421
Gift to ESOP for purchase of shares	–	–	(1,073)	–	–	(1,073)
ESOP shares allocated	–	–	1,334	–	(2,629)	(1,295)
Credit in respect of share option schemes	–	–	–	–	1,662	1,662
At 28 February 2018	**3,144**	**55,805**	**(2,701)**	**21,742**	**18,255**	**96,245**

The accompanying notes form an integral part of these Financial statements.

Notes to the consolidated financial statements

GENERAL INFORMATION

Group and Company financial statements of Braemar Shipping Services plc for the year ended 28 February 2018 were authorised for issue in accordance with a resolution of the Directors on 14 May 2018. 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. Please see Note 20 for further analysis of the Group's financial risks.

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. These statements involve risks and uncertainties, so 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 new IFRSs or IFRIC interpretations 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 2017 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:

- IFRIC 23 "Uncertainty over income tax treatments", effective from 1 January 2019.
- Amendment to IAS 12, "Income taxes" regarding recognition of deferred tax assets for unrealised losses is not yet EU endorsed.
- Annual improvements to IFRSs: 2014–2016 is not yet EU endorsed.
- IFRS 9, "Financial instruments", effective from 1 January 2018. The standard applies to the classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting.
- IFRS 15, "Revenue from contracts with customers", effective from 1 January 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.
- IFRS 16, "Leases", effective from 1 January 2019. This standard requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts.

IFRS 9, "Financial instruments", will supersede IAS 39 in its entirety and is effective for accounting periods commencing on or after 1 January 2018. The standard addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 retains and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of the classification depends on the business model and the contractual cash flow characteristics of the financial asset. There will be a revised expected credit loss model that replaces the incurred loss impairment model used in IAS 39.

The Group is reviewing the requirements of the new standard but at this stage the impact is expected to be limited and will not have a material impact on the Group's financial statements.

Notes to the consolidated financial statements continued

1 ACCOUNTING POLICIES continued

IFRS 15, "Revenue from contracts with customers" will supersede existing revenue recognition guidance contained in the IAS 18 "Revenue", IAS 11 "Construction contracts" and IFRIC 13 "Customer loyalty programmes". IFRS 15 is effective for accounting periods commencing 1 January 2018.

The Group has completed an impact assessment analysis for all divisions and revenue streams, including an analysis of revenue recognition policy compared to the requirements of IFRS 15. In the majority of cases the requirements of IFRS 15, performance obligations are fully satisfied at a point in time. As such, the Group believes that the adoption of IFRS 15 will not have a material impact on its financial statements. However, Braemar will revise its revenue recognition policy and disclosure to reflect IFRS 15 terminology and information requirements.

The Group will continue to present its revenue in the current divisional categories, being Shipbroking, Technical, Logistics and Financial.

IFRS 16 "Leases" will replace IAS 17 in its entirety and is effective for accounting periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. It will result in most leases being recognised on the Statement of Financial Position.

The Group continues to assess the full impact of IFRS 16 and at present it is not yet possible to reasonably quantify its effects. The potential impact is expected to be significant given that the Group has non-cancellable net operating lease commitments of £17.0 million (see note 30) and may have a material impact upon the Group's reported performance, Statement of Financial Position and operating cash flows.

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 JUDGMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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

ACQUISITION ACCOUNTING

The estimation of the fair values of acquired net assets arising in a business combination and the allocation of the purchase consideration between the underlying net assets acquired, including intangible assets other than goodwill, on the basis of their fair values is a critical accounting estimate. These estimates are prepared by internal management with the advice of independent valuation experts when considered necessary. There are a number of judgements that management have undertaken in relation to 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 including acquired intangible assets arising on consolidation. This will include applying a level of judgement to understand what any premium paid for a business (i.e. goodwill) represents as well as then carrying out a calculation of fair values;

Determination of fair value of deferred and contingent consideration ("Earn-out"). Deferred and contingent consideration is initially recognised at fair value and subsequently reassessed at each reporting date to reflect changes in estimates and assumptions. Fair value is determined using an income approach which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate.

PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES

Trade receivables are amounts due from customers in the ordinary course of business. Trade receivables are classified as current assets if collection is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

The provision for impairment of receivables represents management's best estimate at the balance sheet date. A number of judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position.

REVENUE RECOGNITION
In certain areas, judgement is required as to whether and when third parties' obligations have been fulfilled in order for revenue to be recognised, and therefore whether revenue has been recognised in the appropriate period. See the accounting policy in relation to Revenue below for further details.

CLASSIFICATION AND RECOGNITION OF SPECIFIC ITEMS
The Group excludes specific items from its underlying earnings measure. The Directors believe that such additional performance measures can provide the users of the financial statements with a better understanding of the Group's underlying financial performance, if properly used. Management judgement is required as to what items qualify for this classification. There can also be judgement as to the point at which costs should be recognised and the amount to record to ensure that the understanding of the underlying performance is not distorted.

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.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates.

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, valuation fees and fees relating to the facilitation of commodity and commodity derivatives. 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 charterparty 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 life of 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;

   For income derived from commodity broking, the commission is recognised when the services have been performed.

ii) Technical – fee income comprises fees for the supply of technical, survey and loss adjusting services. Income from such 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 vessel sails from the port. Forwarding and logistics income is recognised when the goods depart from their load location. Where the Group acts as a principal rather than as agent, the revenue and costs are shown gross.

iv) Financial – income comprises retainer fees and success fees generated by corporate finance related activities. Revenue is recognised in accordance with the terms agreed in individual client terms of engagement. Recurring monthly retainers are recognised in the month of invoice and success fees are recognised at the point when the performance obligations are fulfilled.

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 with certainty.

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)).

Notes to the consolidated financial statements continued

1 ACCOUNTING POLICIES continued

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 28), 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 is 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 the lesser of two to ten years or when based on historical attrition rates. The amortisation in respect of capitalised brand assets is expensed to the income statement over an estimated useful life of three 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 post-tax interest rate.

P) SHARE-BASED PAYMENTS

The Group operates a number of equity-settled share-based payment schemes.

The Company operates an employee save-as-you-earn option scheme called the Braemar Shipping Services plc 2014 Savings-Related Share Option Scheme (the "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.

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 (ESOP) for three years, after which the employee beneficiary will become absolutely entitled to the shares provided they remain in employment. Shares are valued at fair value at the date of grant.

During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). This scheme was set up to grant awards to certain employees to retain key staff following the merger between Braemar Shipping and ACM Shipping plc. RSP awards are made in the form of a nil cost option and there are no performance criteria other than continued employment.

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.

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) LONG TERM EMPLOYEE BENEFITS

The Group has the following long term employee benefits:

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 appropriate 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.

III) OTHER LONG TERM BENEFITS

The current service cost of other long term benefits resulting from employee services in the current year are included within the consolidated income statement. The unwinding of any discounting on the liabilities are shown in net finance costs.

S) BORROWINGS AND LOAN NOTES

Arrangement costs for loan facilities 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 external borrowings and instruments debt.

The convertible loan notes are considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The Group has an accounting choice to record the instrument in its entirety at fair value through profit and loss in accordance with IAS39.11A, but has not chosen to apply this treatment. Instead, the financial liability host will be recognised as a Euro liability initially recognised at fair value and prospectively accounted for applying the effective interest rate method. The derivative conversion feature will be recognised at fair value through profit and loss.

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 four business segments: Shipbroking, Technical, Logistics and Financial. 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, USA, Australia, Germany 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 and disposal related expenditure relates to significant items directly associated with business combinations and considered material in size and/or nature. These are disclosed separately to enable a full understanding of the Group's underlying financial performance.

W) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS
A non-current asset or a group of assets, such as 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 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 Group Board of Directors.

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

The Group was previously organised into three operating divisions: Shipbroking, Technical and Logistics. Following the acquisition of NAVES Corporate Finance GmbH, a new Financial division has been created. These divisions are the basis on which the Group reports its segmental information. Central costs relate to Board costs and other costs associated with the Group's listing on the London Stock Exchange. All segments meet the quantitative thresholds required by IFRS 8 as reportable segments.

Following the decision to dispose of a major line of business and treatment of these operations as discontinued, the segmental information disclosed previously has been amended (see Note 9).

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

Sales between and within business segments are carried out on 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

The segment information provided to the Board for reportable segments for the year ended 28 February 2018 is as follows:

	Revenue 2018 £'000	Revenue 2017 £'000	Results 2018 £'000	Results 2017 £'000
Shipbroking	61,846	63,132	7,742	7,882
Technical	34,579	38,953	722	(2,188)
Logistics	33,237	33,850	777	1,254
Financial	3,747	–	1,785	–
Trading segments revenue/results	133,409	135,935	11,026	6,948
Central costs			(2,855)	(2,721)
Underlying operating profit			8,171	4,227
Acquisition and disposal-related expenditure			(9,067)	(2,485)
Restructuring costs			–	(2,892)
Gain on sale of investment			–	1,664
Operating (loss)/profit			(896)	514
Finance expense – net			(618)	(303)
(Loss)/profit before taxation			(1,514)	211
Taxation			(877)	(20)
(Loss)/profit for the year from continuing operations			(2,391)	191
Loss for the year from discontinued operations			(503)	(680)
Loss for the year			(2,894)	(489)

2018	Shipbroking £'000	Technical £'000	Logistics £'000	Financial £'000	Total £'000
Capital additions	197	672	126	–	995
Depreciation of property, plant and equipment and amortisation of computer software	944	628	173	2	1,747
Segment operating assets	74,913	26,269	14,538	14,206	129,926
Segment operating liabilities	(15,393)	(3,042)	(24,220)	(1,474)	(44,129)

2017	Shipbroking £'000	Technical £'000	Logistics £'000	Financial £'000	Total £'000
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)

B) GEOGRAPHICAL SEGMENT – BY ORIGIN

The Group manages its business segments on a global basis. The operation's main geographical area and also the home country of the parent is the United Kingdom.

Geographical information determined by location of customers is set out below:

	Revenue		Capital additions		Non-current assets	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
United Kingdom	**72,427**	79,550	**885**	842	**73,982**	75,483
Singapore	**17,035**	18,347	**20**	79	**3,597**	3,841
United States	**13,184**	14,802	**2**	4	**238**	412
Australia	**6,767**	4,944	**–**	8	**4,466**	4,537
Germany	**3,505**	-	**–**	–	**13,100**	–
Rest of the World	**20,491**	18,292	**88**	57	**593**	694
Continuing operations	**133,409**	135,935	**995**	990	**95,976**	84,967
Discontinued operations	**3,896**	3,907	**–**	–	**–**	–
Total	**137,305**	139,842	**995**	990	**95,976**	84,967

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 (LOSS)/PROFIT

Operating (loss)/profits from operations represent the results from operations before, finance income, finance costs taxation and discontinued operations.

This is stated after charging/(crediting):

	Notes	**2018 £'000**	2017 £'000
Staff costs	4	**72,581**	81,687
Depreciation of property, plant and equipment	16	**1,165**	998
Amortisation of computer software	14	**583**	549
Operating lease rentals:			
– Land and buildings		**4,250**	4,258
– Other		**64**	69
Net movements in bad debt provisions		**(316)**	537
Auditor's remuneration	5	**783**	432
Net foreign exchange (gains)/losses and financial instruments		**(809)**	307
Historic litigation charges		**480**	270
Restructuring costs	8	**–**	2,892
Gain on sale of investment	8	**–**	(1,664)
Acquisition-related expenditure	8,14	**9,067**	2,485

Notes to the consolidated financial statements continued

4 STAFF COSTS

A) STAFF COSTS FOR THE GROUP DURING THE YEAR (INCLUDING DIRECTORS)

	Notes	2018 £'000	2017 £'000
Salaries, wages and short-term employee benefits		**64,150**	72,292
Other pension costs	25	**2,768**	1,902
Social security costs		**4,001**	4,707
Share-based payments	26	**1,662**	2,786
		72,581	81,687
Discontinued operations		**2,273**	2,174
		74,854	83,861

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Remuneration Report on pages 47 and 56.

Staff costs paid for discontinued operations include Salaries, wages and short-term employee benefits of £2.1 million (2017: £1.9 million), Other pension costs of <£0.1 million (2017: £0.1 million) and Social security costs of £0.1 million (2017: £0.1 million).

Other long-term employee benefits not included in the above table include £3.0 million of post-acquisition remuneration payable to certain vendors under the terms of acquisition agreements (see Note 8 and 15).

B) AVERAGE NUMBER OF FULL-TIME EMPLOYEES

	2018 number	2017 number
Shipbroking	**298**	291
Technical	**261**	303
Logistics	**194**	206
Financial	**17**	–
Central	**13**	11
	783	811
Discontinued operations	**51**	47
Total	**834**	858

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

The average number of full-time employees for the Financial divisions represents the average of the period from acquisition to 28 February 2018.

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 47 and 56. Key management represents the Group Board of Directors of the Company.

	2018 £'000	2017 £'000
Salaries, short-term employee benefits and fees	**862**	844
Other pension costs	**86**	86
Share-based payments	**–**	8
	948	938
Number of key employees	**7**	6

Retirement benefits are accruing to one member of key management (2017: 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:

	2018 £'000	2017 £'000
Audit services		
– Fees payable to the Company auditor for audit of the Company and Group financial statements	**143**	100
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	**315**	303
– Other services pursuant to legislation – interim review	**19**	19
– Tax advisory services	**–**	10
– Other permitted services linked to acquisitions	**286**	–
	763	432

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

6 FINANCE INCOME AND COSTS – NET

	2018 £'000	2017 £'000
Finance income:		
– Interest on bank deposits	**95**	61
Total finance income	**95**	61
Finance costs:		
– Interest payable on rolling credit facility	**(450)**	(275)
– Interest payable on pooled overdraft facilities	**(169)**	(89)
– Interest payable on convertible loan notes	**(94)**	–
Total finance costs	**(713)**	(364)
Finance costs – net	**(618)**	(303)

Interest payable on rolling credit facility of £0.1 million (2017: £nil) directly linked to acquisition-related activities has been incurred during the period and is included in the above.

7 TAXATION

A) ANALYSIS OF CHARGE IN YEAR

	2018 £'000	2017 £'000
Current tax		
UK corporation tax charged to the income statement	**220**	281
UK adjustment in respect of previous years	**59**	(534)
Overseas tax on profits in the year	**1,627**	1,055
Overseas adjustment in respect of previous years	**(109)**	(80)
Total current tax	**1,797**	722
Deferred tax		
UK current year origination and reversal of timing differences	**(587)**	(479)
UK adjustment in respect of previous years	**(11)**	35
Overseas current year origination and reversal of timing differences	**(361)**	(419)
Overseas adjustment in respect of previous years	**39**	(18)
Effect of change of tax rate	**–**	11
Total deferred tax	**(920)**	(870)
Taxation	**877**	(148)

RECONCILIATION BETWEEN EXPECTED AND ACTUAL TAX CHARGE	2018 £'000	2017 £'000
Loss before tax	**(1,514)**	(637)
Loss before tax at standard rate of UK corporation tax of 20% (2016: 20%)	**(288)**	(127)
Expenses not deductible for tax purposes	**1,503**	905
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	**54**	(337)
Prior year adjustments from resubmitted UK tax computations	**(22)**	(135)
Other prior year adjustments	**(370)**	(462)
Effect of change of tax rate	**–**	8
Total tax charge/(credit) for the year	**877**	(148)

Included with the total tax charge is a credit of £0.5 million (2017: £0.7 million) in respect of Specific items disclosed separately on the face of the Income Statement.

The tax credit in the prior year includes £168,000 of credit in relation to discontinued operations that were group relived to other entities in that period.

Notes to the consolidated financial statements continued

7 TAXATION continued

TAX ON ITEMS CHARGED TO EQUITY	2018 £'000	2017 £'000
Current tax on exercised share options	–	9
Deferred tax credit on share options	483	516
Deferred tax on cash flow hedges	186	76
Employee benefits	164	(588)
Effect of change of tax rate	–	83
Tax credit in the statement of changes in equity	833	96

B) DEFERRED TAX ASSET

ANALYSIS OF THE DEFERRED TAX ASSET	As at 28 Feb 2018 £'000	As at 28 Feb 2017 £'000
Accelerated capital allowances (includes £554,000 (2017: £447,000) of overseas accelerated capital allowances)	750	674
Short-term timing differences (includes £1,149,000 (2017: £1,397,000) of overseas short-term timing differences)	2,037	2,178
Employee benefits (including £nil of overseas employee benefits)	333	732
	3,120	3,584

THE MOVEMENT IN THE DEFERRED TAX ASSET	2018 £'000	2017 £'000
Balance at beginning of year	3,584	2,177
Movement to income statement	465	1,196
Movement to reserves	(757)	(138)
Reclassification	(40)	181
Exchange differences	(132)	168
Balance at end of year	3,120	3,584

A deferred tax asset of £3,120,000 (2017: £3,584,000) 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.

C) DEFERRED TAX LIABILITY

ANALYSIS OF THE DEFERRED TAX LIABILITIES	As at 28 Feb 2018 £'000	As at 28 Feb 2017 £'000
Long-term timing differences	(999)	(836)
	(999)	(836)

THE MOVEMENT IN THE DEFERRED TAX LIABILITY	As at 28 Feb 2018 £'000	As at 28 Feb 2017 £'000
Balance at beginning of year	(836)	(430)
Increase as a result of a business combination	(523)	–
Movement to income statement	455	(326)
Movement to reserves	–	(10)
Exchange differences	(95)	(70)
Balance at end of year	(999)	(836)

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 £4.9 million (2017: £4.4 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 2018 has been calculated based on these rates.

8 SPECIFIC ITEMS

The following is a summary of Specific items incurred:

	2018 £'000	2017 £'000
Acquisition-related items		
Amortisation charge of intangible assets	(2,378)	(501)
Acquisition-related expenditure		
– Acquisition of ACM Shipping Group plc	(608)	(1,475)
– Acquisition of NAVES Corporate Finance GmbH	(5,071)	(60)
– Acquisition of Atlantic Brokers Holdings Limited	(594)	–
– Other acquisition-related costs	(391)	(449)
	(6,664)	(1,984)
Disposal-related items		
– Other disposal-related expenditure	25	–
Acquisition and disposal-related items	(9,067)	(2,485)
Restructuring costs	–	(2,892)
Gain on sale of investment	–	1,664

The Group has charged amortisation of £2.4 million in the year (2017: £0.5 million) in relation to Intangible assets recognised as part of a Business Combination under IFRS 3.

Acquisition related expenditure included £0.6 million (£2017: £1.5 million) incurred in relation to the restricted share plan implemented to retain key staff following the merger between Braemar Shipping Services plc and ACM Shipping plc.

The Group incurred expenditure of £5.1 million (2017: £0.1 million) directly linked to the acquisition of NAVES Corporate Finance GmbH. This includes £2.1 million of acquisition fees and £3.0 million of post-acquisition remuneration payable to certain vendors under the terms of the acquisition agreement.

The Group incurred expenditure of £0.6 million which is directly linked to the acquisition of Atlantic Brokers Holdings Limited. This includes £0.4 million of acquisition fees and £0.2 million of post-acquisition remuneration payable to certain vendors under the terms of the acquisition agreement.

During the prior year the Group charged £2.9 million restructuring costs which predominantly related 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 in the prior year of £1.7 million relates to the Group's disposal of its investment in the Baltic Exchange to the Singapore Exchange.

Notes to the consolidated financial statements continued

9 DISCONTINUED OPERATIONS

During the year, the Board resolved to dispose of Braemar Response's operations, a significant business unit within the Technical division. These operations are expected to be sold within twelve months.

As a consequence, the results of this business unit are presented as a discontinued operation and prior year comparatives have been adjusted accordingly.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2018 £'000	2017 £'000
Property, plant and equipment	37	72
Deferred tax assets	25	41
Trade and other receivables	2,550	1,645
Current tax receivable (group relief surrendered)	109	358
Cash and cash equivalents	144	145
Trade and other payables	(766)	(677)
Net assets of discontinued operations	2,099	1,584

The results of the discontinued operation, which have been included in the income statement, were as follows:

	2018 £'000	2017 £'000
Revenue	3,896	3,907
Costs	(4,491)	(4,639)
Specific items	–	(116)
Loss before taxation	(595)	(848)
Taxation	92	168
Loss for the year	(503)	(680)

During the year, the discontinued operations had net operating cash outflows of <£0.1 million.

10 DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2018 £'000	2017 £'000
Ordinary shares of 10 pence each		
Final of 5.0 pence per share for the year ended 28 February 2017 (2016: 17.0 pence per share)	1,473	5,020
Interim of 5.0 pence per share paid (2016: 9.0 pence per share)	1,501	2,838
	2,974	7,858

In addition, the Directors are proposing a final dividend in respect of the financial year ended 28 February 2018 of 10 pence per share which will absorb an estimated £3.0 million of shareholders' funds. It will be paid on 27 July 2018 to shareholders who are on the register of members on 22 June 2018. 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 27). The dividend saving through the waiver is £90,000 (2017: £101,000).

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 435,338 ordinary shares held by the Employee Share Ownership Plan (2017: 657,123 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 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. The Group has other potential dilutive ordinary shares, including convertible loan notes, however these are not currently dilutive.

TOTAL OPERATIONS	2018 £'000	2017 £'000
Loss for the year attributable to shareholders	(2,894)	(489)
	pence	pence
Basic earnings per share	(9.70)	(1.66)
Effect of dilutive share options	–	–
Diluted earnings per share	(9.70)	(1.66)

As any potential ordinary shares would have the effect of decreasing a loss per share for the year they have not been treated as dilutive.

UNDERLYING OPERATIONS	2018 £'000	2017 £'000
Underlying profit for the year attributable to shareholders	6,313	3,163
	pence	pence
Basic earnings per share	21.14	10.72
Effect of dilutive share options	(1.63)	(1.02)
Diluted earnings per share	19.51	9.70
	shares	shares
Weighted average number of ordinary shares	29,854,554	29,514,736
Effect of dilutive share options	2,499,970	3,096,058
Diluted weighted average number of ordinary shares	32,354,524	32,610,794

As any potential ordinary shares would have the effect of decreasing a loss per share for the year they have not been treated as dilutive.

12 RESULT FOR THE FINANCIAL YEAR

In accordance with the exemptions allowed by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A loss of £1,765,000 (2017: profit of £16,605,000) has been dealt with in the accounts of the Company.

13 GOODWILL

GROUP	£'000
Cost	
At 29 February 2016	84,571
Exchange adjustments	894
At 28 February 2017	85,465
Arising on acquisitions during the year	11,740
Exchange adjustments	(585)
At 28 February 2018	**96,620**
ACCUMULATED IMPAIRMENT	
At 28 February 2017 and 28 February 2018	**7,659**
Net book value at 28 February 2018	**88,961**
Net book value at 28 February 2017	77,806

Goodwill increased by £11.7 million as a result of the acquisitions of NAVES Corporate Finance GmbH and Atlantic Brokers Holdings Limited (See Note 15).

Notes to the consolidated financial statements continued

13 GOODWILL continued

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

	2018 £'000	2017 £'000
Shipbroking	**68,519**	69,007
Technical	**4,981**	5,148
Logistics	**3,643**	3,651
Financial	**11,818**	–
	88,961	77,806

These cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group has consolidated its goodwill within the Technical division to reflect the ongoing management and structure of this division following restructuring during the prior year. Comparative amounts have been restated accordingly. Goodwill denominated in foreign currencies is revalued at the balance sheet date. Following the acquisition of NAVES Corporate Finance GmbH a new cash-generating unit, Financial, has been established.

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% (2017: 1.0% to 2.0%). The cash flows were discounted using a post-tax discount rate of 9.5% to 10.92% (2017: 9.5% to 10.92%).

SENSITIVITY TO IMPAIRMENT

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

14 OTHER INTANGIBLE ASSETS

GROUP	Computer software £'000	Research and development £'000	Other intangible assets £'000	Total £'000
Cost				
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
Additions	760	–	–	760
Arising on acquisitions during the year	–	–	3,420	3,420
Exchange adjustments	–	–	(172)	(172)
At 28 February 2018	**3,829**	**836**	**15,687**	**20,352**
Amortisation				
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
Charge for the year	583	56	2,322	2,961
Exchange adjustments	–	–	(131)	(131)
At 28 February 2018	**2,464**	**168**	**14,327**	**16,959**
Net book value at 28 February 2018	**1,365**	**668**	**1,360**	**3,393**
Net book value at 28 February 2017	1,188	724	303	2,215

At 28 February 2018, the Group had £102,000 of contractual commitments for the acquisition of computer software (2017: £72,000).

Other intangible assets brought forward from the prior year 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.

Intangible assets totalling £3.4 million were recognised as a result of the acquisition of NAVES Corporate Finance GmbH (see Note 15). These are classified as Other intangible assets and represent brand, which is being amortised over three years, and income in respect of acquired mandates, which is being amortised over a period less than one year.

The Company has no intangible assets.

15 BUSINESS COMBINATIONS

ACQUISITION OF NAVES CORPORATE FINANCE GMBH

On 26 September 2017, the Group acquired the entire share capital of NAVES Corporate Finance GmbH ("NAVES"). NAVES is an established and successful business, headquartered in Hamburg, Germany, which advises national and international clients on corporate finance related to the maritime industry including restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management, and financial asset management including loan servicing.

The transaction is aligned with the Group's strategy of diversifying business operations through acquisitive development. The acquisition of NAVES provided the Group with multiple benefits, with the main drivers being: entry to the valuable maritime financial advisory market; continued growth opportunities; complementary services and skills that broaden and enhance the Group's offering to clients; opportunities for collaboration between divisions; geographic expansion; and an additional source of revenue with added earnings strength.

The acquisition agreement provides for a minimum consideration of €24 million (subject to a working capital adjustment) and a maximum consideration of €35 million. Management Sellers represent Mark Kuchenbecker and Axel Siepmann, the managing partners of NAVES, and Non-management Sellers represent other investors.

The initial consideration payable at completion was:

- €14.8 million (subject to a working capital adjustment), 50% of which was paid in cash, and 50% satisfied by the issue of Convertible Loan Notes; and
- €1.5 million, to be satisfied by the issue of 458,166 ordinary shares to Non-management Sellers only (representing a price of 300.2 pence per ordinary share (being the Reference Price)).

Three annual instalments of €1.4 million will be payable to the Sellers, 50% in cash and 50% satisfied by the issue of Convertible Loan Notes. Interest at a rate of 3% per annum will accrue on each of these tranches from the date of issue until the date of conversion or payment of the relevant tranche.

Five annual instalments of €0.7 million will be payable to Management Sellers only to be satisfied by the issue of Convertible Loan Notes. An additional aggregate amount of up to €11.0 million (being the balance of the maximum consideration) may be payable over the three years following completion in accordance with the terms and conditions in the acquisition agreement which provide as follows:

- payable to the Management Sellers only and satisfied wholly by the issue of Convertible Loan Notes;
- payable annually in tranches of €3.7 million (in each case within 30 days of the determination of NAVES' EBIT for the relevant period); and
- requires NAVES to deliver EBIT in excess of €2.0 million in each period to trigger payment with the maximum consideration payable in each year if EBIT of €4.4 million is delivered (subject, in each case, to certain agreed adjustments).

Leaver provisions provide that if either of Mark Kuchenbecker or Axel Siepmann resigns or is dismissed for cause, then each Management Seller shall have their entitlements to receive further payments of the deferred consideration and earn-out consideration reduced by an amount equal to the relevant individual's percentage ownership interest in each relevant Management Seller.

NAVES generated revenue and underlying operating profit for the year ended 31 December 2016 of €7.5 million and €3.0 million respectively. If the acquisition had happened on 1 March 2017, revenue for the Group would have increased by €3.6 million and profit for the year would have increased by €1.5 million.

Notes to the consolidated financial statements continued

15 BUSINESS COMBINATIONS continued

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

ASSETS	As at 26 Sep 2017 €000
Non-current assets	
Property, plant and equipment	27
Intangible assets	3,891
	3,918
Current assets	
Trade and other receivables	2,139
Cash and cash equivalents	2,751
	4,890
Total assets	8,808
Liabilities	
Current liabilities	
Trade and other payables	2,127
Current tax payable	909
	3,036
Non-current liabilities	
Deferred tax liabilities	739
Total liabilities	3,775
Total assets less total liabilities	5,033
Goodwill	12,536
Consideration	17,569

IFRS 3 states that amounts paid to former owners which are conditional on ongoing service are for the benefit of the acquirer and not for the benefit of former owners. Consideration linked to the ongoing service of former owners will be treated as remuneration for post-combination services and classified as acquisition-related expenditure under Specific items in the consolidated income statement.

Intangible assets represent separately identifiable intangibles, being brand and acquired customer mandates, with the additional effect of a deferred tax liability of €0.7 million thereon. The brand has been valued using a relief from royalty method and the customer mandates have been valued using an income based approach. These intangible assets are being amortised over their useful economic life of up to three years. These intangible assets and the deferred tax liability thereon, represent the only fair value adjustments made to the acquired balance sheet. All other assets and liabilities represent acquired book values and are considered equal to fair value.

Receivables acquired amounted to £2.1 million. The book value equated to the fair value as all amounts are expected to be received.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is a strong workforce and synergy opportunities from the combined operations.

Costs of £2.1 million associated with the acquisition were incurred during the year ending 28 February 2018 and have been classified as acquisition related expenditure under Specific items in the consolidated income statement (see Note 8).

ACQUISITION OF ATLANTIC BROKERS HOLDINGS LIMITED

On 2 February 2018, the Group acquired the entire share capital of Atlantic Brokers Holdings Ltd, the holding company for Atlantic Brokers Ltd (together, "Atlantic"). Atlantic is an established introducing broker of Physical and Financial Coal Products in both the Atlantic and Pacific Basins.

The transaction is aligned with the Group's strategy of diversifying business operations through acquisitive development. The acquisition of Atlantic provided the Group with multiple benefits including; additional growth opportunities from expansion into new product areas of the brokered commodity futures market, including iron ore, coking coal and other bulk products; and the ability of the Group to offer additional services to existing clients.

The acquisition agreement provides for a total consideration of £4.8 million (subject to a customary working capital adjustment). The total consideration payable is split:

- £2.7 million in cash (subject to adjustment based on target net asset value and regulatory capital requirements); and
- £2.1 million to be satisfied by the issue of 804,426 ordinary shares of 10 pence each in the capital of Braemar, representing a price of £2.61055 per share. The price per share represents the volume weighted average closing middle market share price for an ordinary share for the 30 consecutive trading days prior to completion.

The sellers who are engaged in the business, Tristram Simmonds, Michael Griffin and Kelvin Taaffe (together, the "Working Sellers"), entered into new service contracts on completion of the acquisition. The transaction terms include lock in mechanisms to incentivise the Working Sellers to remain with Atlantic for at least three years following completion. Working Sellers who become "bad leavers" within three years will be required to return 1/3 of the value of their Core Consideration to the Group for each post-completion anniversary not reached.

Atlantic generated revenue and profit before tax for the year ended 30 June 2017 of £4.7 million and £0.6 million respectively. If the acquisition had happened on 1 March 2017, revenue for the Group would have increased by £4.3 million and profit before tax for the year would have increased by £0.5 million.

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

ASSETS	As at 2 Feb 2018 £000
Non-current assets	
Property, plant and equipment	1
Intangible assets	–
	1
Current assets	
Trade and other receivables	271
Cash and cash equivalents	1,717
	1,988
Total assets	1,989
Liabilities	
Current liabilities	
Trade and other payables	134
Current tax payable	83
	217
Non-current liabilities	
Deferred tax liabilities	1
Total liabilities	218
Total assets less total liabilities	1,771
Goodwill	(12)
Consideration	1,759

IFRS3 requires that payments to acquire a business are distinguished from other payments and that a contingent consideration arrangement in which payments are automatically forfeited if employment terminates is remuneration for post-combination services. On this basis, all consideration paid to the Working Sellers will be treated as post-acquisition expenses and expensed to the Income Statement over the period of the restrictions. This has resulted in negative Goodwill of less than £0.1 million, which has been credited to the Shipbroking CGU.

Notes to the consolidated financial statements continued

15 BUSINESS COMBINATIONS continued

There were no separately identifiable intangible assets or fair value adjustments recognised on the acquisition. The book value of acquired assets and liabilities have been considered the fair value.

Receivables acquired amounted to £0.2 million. The book value equated to the fair value as all amounts are expected to be received.

Costs of £0.4 million associated with the acquisition were incurred during the year ending 28 February 2018 and have been classified as acquisition-related expenditure in the consolidated income statement (see Note 8).

Convertible instruments and deferred consideration

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Issued convertible loan notes and deferred cash	**7,659**	–	**–**	–
Accrued retention convertible loan notes and deferred cash	**2,977**	–	**–**	–
Financial derivatives	**71**	–	**–**	–
	10,707	–	**–**	–

Of the total convertible loan notes and deferred consideration, £366,000 is in relation to payments that will be paid within one year of the Balance Sheet date.

In total, the Group has committed to the issue of up to €24.0 million convertible loan note instruments in respect of the acquisition of NAVES Corporate Finance GmbH.

These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are Euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3 pence for management sellers and 450.3 pence for non-management sellers.

The convertible loan note instruments carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The loan notes shall automatically convert or be redeemed in the event that any person or persons acting in concert hold more than 50% of the issued share capital of the Group or an impairment charge in excess of €50 million is reflected in the audited financial statements of the Group.

All Deferred Consideration and Earn-out Consideration payable to Management Sellers is subject to Axel Siepmann and Mark Kuchenbecker remaining with the business during the relevant periods (subject to good leaver/bad leaver provisions).

The convertible loan notes and financial derivatives are valued using level 3 hierarchy techniques under IFRS 13.

16 PROPERTY, PLANT AND EQUIPMENT

GROUP	Leaseholds £'000	Computers £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost or fair value					
At 29 February 2016	2,200	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	2,399	5,039	5,289	356	13,083
Additions at cost	1	118	102	14	235
Additions – business combinations	–	28	–	–	28
Disposals	–	(77)	(82)	(110)	(269)
Reclassification to discontinued operations	–	(778)	(37)	(212)	(1,027)
Exchange differences	(150)	(151)	(235)	3	(533)
At 28 February 2018	**2,250**	**4,179**	**5,037**	**51**	**11,517**
Accumulated depreciation					
At 29 February 2016	344	3,412	3,101	355	7,212
Charge for the year	54	494	473	62	1,083
Disposals	–	–	(8)	(93)	(101)
Exchange differences	80	135	112	1	328
At 28 February 2017	478	4,041	3,678	325	8,522
Charge for the year	281	416	495	12	1,204
Disposals	–	(78)	(70)	(96)	(244)
Reclassification to discontinued operations	–	(747)	(33)	(211)	(991)
Exchange differences	(20)	(118)	(160)	2	(296)

GROUP	Leaseholds £'000	Computers £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
At 28 February 2018	**739**	**3,514**	**3,910**	**32**	**8,195**
Net book value at 28 February 2018	**1,511**	**665**	**1,127**	**19**	**3,322**
Net book value at 28 February 2017	1,921	998	1,611	31	4,561

At 28 February 2018, the Group had no contractual commitments for the acquisition of property, plant and equipment (2017: £nil). The Company has no property, plant and equipment.

17 INVESTMENTS

GROUP	Unlisted investments £'000	Total £'000
Cost at 29 February 2016	1,537	1,537
Additions	51	51
Disposals	(232)	(232)
Cost at 28 February 2017	1,356	1,356
At 28 February 2018	**1,356**	**1,356**

COMPANY	Subsidiaries £'000	Unlisted investments £'000	Total £'000
Cost			
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
Acquisitions	7,150	–	7,150
Share-based payments	1,646	–	1,646
At 28 February 2018	**119,961**	**1,200**	**121,161**
Impairment			
At 1 March 2016, 28 February 2017 and 28 February 2018	1,837	–	1,837
Net book value at 28 February 2018	**118,124**	**1,200**	**119,324**
Net book value at 28 February 2017	109,328	1,200	110,528

The Company invested £1.6 million (2017: £2.8 million) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year (see Note 26).

A list of subsidiary undertakings is included in Note 32.

The financial statements of the principal subsidiary undertakings are prepared to 28 February 2018. In prior years, results to 31 December were consolidated for PT Braemar Technical Services Offshore, Braemar Technical Services Offshore Vietnam Co Limited and Braemar Technical Services (Offshore) Shanghai Pte Limited on the basis that the results to 28 February would not be materially different. These entities have now been consolidated to 28 February 2018. This has not had a material impact on the financial statements for the year ended 28 February 2018.

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.

UNLISTED INVESTMENTS

The Group's unlisted investments include 1,200 (2017: 1,200) ordinary £1 shares in London Tanker Brokers Panel. During the prior year the Group disposed of its investment in the Baltic Exchange, realising a gain on disposal of £1.7 million. The investment is carried at fair value being the value of the most recent comparable transaction.

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.

Notes to the consolidated financial statements continued

18 OTHER LONG-TERM RECEIVABLES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Other receivables	–	14	–	14
Security deposits	300	371	–	–
	300	385	–	14

19 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade receivables	37,909	45,120	–	–
Provision for impairment of trade receivables	(4,629)	(5,826)	–	–
	33,280	39,294	–	–
Amounts due from subsidiary undertakings	–	–	35,098	10,041
Other receivables	7,571	5,964	920	1,033
Accrued income	9,494	9,790	–	–
Prepayments	2,260	2,151	63	111
	52,605	57,199	36,081	11,185

The total receivables balance is denominated in the following currencies:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
US dollars	26,756	27,655	–	–
Pounds sterling	21,330	20,069	36,081	11,185
Other	4,519	9,475	–	–
	52,605	57,199	36,081	11,185

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 2018 trade receivables of £3,349,000 (2017: £4,053,000) which were over 24 months old were treated as impaired and have been provided for and trade receivables of £1,147,000 (2017: £1,127,000) which were between 12 months old and 24 months old were treated as impaired and have been provided for. A provision of £132,000 (2017: £646,000) has been made for specific trade receivables which are less than 12 months overdue.

The ageing profile of trade receivables as at 28 February 2018 is as follows:

	Group	
	2018 £'000	2017 £'000
Up to 3 months	25,331	28,554
3 to 6 months	4,453	5,118
6 to 12 months	3,018	4,016
Over 12 months	5,107	7,432
Total	37,909	45,120

The Company has no trade receivables (2017: £nil). Amounts due from subsidiary undertakings are interest-free, unsecured and repayable on demand.

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

	2018 £'000	2017 £'000
At 1 March	5,826	6,071
Provision for receivables impairment	869	1,728
Receivables written off during the year as uncollectable	(844)	(782)
Amounts previously impaired collected in period	(784)	(1,630)
Reclassified as held for sale	(37)	-
Exchange differences	(401)	439
At 28 February	4,629	5,826

At 28 February 2018, within other classes of trade and other receivables, a provision for impairment for £nil (2017: £373,000) has been made for accrued income that is greater than 12 months old and within other receivables there is a provision for impairment of £nil (2017: £250,000).

20 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 2018 the Group held forward currency contracts to sell US$12.8 million at an average rate of $1.366/£1 and options over a further US$12.3 million at an average rate of $1.367/£1.

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.

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

	2018		2017	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Forward currency contracts				
Assets/(liabilities)	159	159	(852)	(852)

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £159,000 asset (2017: £852,000 liability) which has been deferred in equity.

Amounts of £112,000 have been charged (2017: £1,233,000 charged) to the income statement in respect of forward contracts which have matured in the period.

The fair value of the forward currency contracts are based on prices quoted by the counterparty within these contracts verses the market rate at the balance sheet date (level 2).

Notes to the consolidated financial statements continued

20 DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS continued

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 2018				
USD	**3,432**	**(2,808)**	**2,746**	**(2,247)**
28 February 2017				
USD	3,572	(2,923)	2,858	(2,338)

B) INTEREST RATE RISK

The Group minimises its exposure to interest rate risk on its cash and cash equivalents by pooling cash balances across the Group's hubs.

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	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Floating rate:				
Within one year				
Cash and cash equivalents (see Note 21)	**5,424**	7,674	**–**	–
Secured pooled overdraft facilities	**–**	–	**(20,036)**	(1,008)
Secured tolling credit facilities and other borrowings	**(7,873)**	(622)	**(2,025)**	(8,690)
	(2,449)	7,052	**(22,061)**	(9,698)

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 2018				
Cash and cash equivalents	**54**	**(54)**	**42**	**(42)**
Rolling credit facilities and overdrafts on pooled facilities	**(222)**	**222**	**(173)**	**173**
	(168)	**168**	**(131)**	**131**
28 February 2017				
Cash and cash equivalents	35	(35)	28	(28)
Rolling credit facilities and overdrafts on pooled facilities	(132)	132	(66)	66
	(97)	97	(38)	38

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 19.

D) CAPITAL MANAGEMENT AND LIQUIDITY RISK

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 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 2018 and 28 February 2017.

E) ANALYSIS OF NET DEBT

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Cash at bank and cash on hand (Note 21)	**4,624**	5,987	**–**	–
Restricted cash (Note 21)	**246**	1,034	**–**	–
Term deposits (Note 21)	**554**	653	**–**	–
Secured rolling credit facilities (Note 23)	**(7,873)**	(622)	**(20,036)**	(8,690)
Secured bank pooled overdraft facilities (Note 23)	**–**	–	**(2,025)**	(1,008)
	(2,449)	7,052	**(22,061)**	(9,698)

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Cash at bank and cash on hand	**4,624**	5,987	**–**	–
Restricted cash	**246**	1,034	**–**	–
Term deposits	**554**	653	**–**	–
	5,424	7,674	**–**	–

Cash and cash equivalents largely comprise bank balances denominated in Sterling, USD, 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.

22 TRADE AND OTHER PAYABLES

	Group		Company	
CURRENT LIABILITIES	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Trade payables	**24,443**	26,147	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**36,413**	13,441
Other taxation and social security	**885**	893	**–**	–
Other payables	**3,891**	4,216	**686**	316
Other accruals and deferred income	**12,243**	14,599	**–**	3
	41,462	45,855	**37,099**	13,760

The average credit period taken for trade payables is 59 days (2017: 46 days). The Directors consider that the carrying amounts of trade payables approximate to their fair value.

The company has no Trade payables (2017: £nil). Amounts owed to subsidiary undertakings are interest-free, unsecured and repayable on demand.

Notes to the consolidated financial statements continued

23 BORROWINGS

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Short-term borrowings				
Secured rolling credit facilities	**7,873**	622	**20,036**	8,690
Secured bank pooled overdraft facilities	**–**	–	**2,025**	1,008
	7,873	622	**22,061**	9,698

The Group holds no borrowings with a contractual maturity of greater than one year from the balance sheet date and as such all borrowings are classified as short-term.

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 and EURIBOR.

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 2018, the Group had undrawn committed revolving credit facility of £5.0 million (2017: £6.0 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 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. As a result of the acquisition of NAVES Corporate Finance GmbH in September 2017, the Group increased the revolving banking facility from £15 million to £25 million. HSBC also provides access to global cash management opportunities, notably in our regional hubs of the UK, Germany and Singapore.

COVENANT MEASURES

The covenant measures are tested on a quarterly rolling twelve-month basis and consist of a leverage covenant and an interest cover covenant. The leverage covenant is a measure of earnings before interest, tax, depreciation and amortisation compared to net debt. The interest cover is a measure of the rate of earnings compared to net finance charges.

24 PROVISIONS

	Employee entitlements £'000	Other provisions £'000	Total £'000
At 28 February 2017	771	371	1,142
Provided in the year	7	–	7
Utilised in the year	(34)	(371)	(405)
At 28 February 2018	**744**	**–**	**744**
Current	320	–	320
Non-current	424	–	424
At 28 February 2018	**744**	**–**	**744**

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

The Company has no provisions.

25 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.

The Group's obligations in respect of the funded defined benefit scheme at 28 February 2018 were as follows:

	Group	
	2018 £'000	2017 £'000
Present value of funded obligations	16,609	19,429
Fair value of scheme assets	(13,172)	(15,124)
Total deficit of defined benefit pension scheme	3,437	4,305

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.

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 2017 and showed a deficit of £3.4 million. As a result, the Company has continued to pay deficit contributions of £450,000 p.a. since 31 March 2017 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 July 2023. The contribution in the year to 28 February 2018 was £450,000 and is expected to continue at this level for the foreseeable future.

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 to 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 under IAS 19. It is expected that this will be partially offset by an increase in the value of the Scheme's bond holdings. However, yield on these assets may diverge compared to the discount rate.

CHANGE IN INFLATION EXPECTATIONS

A significant proportion of the Scheme's benefit obligations are linked to CPI, so higher CPI 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 CPI, meaning that an increase in CPI will also increase the deficit.

CHANGES IN 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 as benefits will be paid out for longer.

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.

Other risks include changes in regulation which may impact the measurement of the liabilities or value of the assets.

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

Notes to the consolidated financial statements continued

25 RETIREMENT BENEFIT SCHEMES continued

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

	2018 (% p.a.)	2017 (% p.a.)
Discount rate	2.6	2.7
CPI inflation	2.1	2.0
Pension increases:		
CPI capped at 2.5% p.a.	2.0	2.0
CPI capped at 5.0% p.a.	2.1	2.2
Deferred pension increases:		
CPI capped at 2.5% p.a.	2.0	2.0
CPI capped at 5.0% p.a.	2.1	2.0

	2018 Years	2017 Years
Life expectancy from age 60 for:		
Current 60-year-old male	28.4	28.7
Current 60-year-old female	29.8	29.8
Pre-retirement mortality	Nil	Nil
Post-retirement mortality	95% of S2PXA Light Tables, CMI 2016 (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	2018 £’000	2017 £’000
Scheme assets are comprised as follows:		
Equities	6,326	6,899
Absolute return	2,309	2,416
High yield debt	665	1,389
Cash	2,895	1,280
Other	977	3,140
Total	13,172	15,124

EXPENSE RECOGNISED IN THE INCOME STATEMENT (INCLUDED IN OPERATING COSTS)	2018 £’000	2017 £’000
Current service cost	–	–
Curtailment credit	–	–
Interest on net liability	117	46
Expense recognised in income statement	117	46
Remeasurements in other comprehensive expense:		
Return on assets in excess of that recognised in net interest	(399)	(1,116)
Actuarial losses due to changes in financial assumptions	225	4,665
Actuarial losses due to changes in demographic assumptions	(259)	–
Actuarial gains due to liability experience	(140)	(51)
Amount recognised in other comprehensive (expense)/interest	(573)	3,498
Total amount recognised in income statement and other comprehensive income/(expense)	(456)	3,544

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

	2018 £'000	2017 £'000
Opening defined benefit obligation	19,429	14,406
Current service cost	–	–
Interest expense	525	547
Contributions by participants	–	–
Actuarial (gains)/losses on liabilities	(136)	4,614
Net benefit payments from scheme	(3,209)	(138)
Closing value at 28 February	16,609	19,429

	2018 £'000	2017 £'000
Opening fair value at 1 March	15,124	13,195
Expected return on assets	408	501
Actuarial (gains)/losses on liabilities	399	1,116
Contributions by employers	450	450
Contributions by participants	–	–
Net benefit payments from scheme	(3,209)	(138)
Closing value at 28 February	13,172	15,124

ACTUAL RETURN ON SCHEME ASSETS	2018 £'000	2017 £'000
Expected return on assets	408	501
Remeasurement gain on assets	399	1,116
Actual return on assets	807	1,617

SENSITIVITY ANALYSIS

The table below illustrates the sensitivity of the Scheme liabilities at 28 February 2018 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 0.5% p.a.	11.2%	1,860
Inflation assumption reduced by 0.5% p.a.(1)	(7.2%)	(1,196)
Increase in life expectancy of one year for all members reaching 60	2.2%	365

(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 £2,811,000 (2017: £1,967,000) of which £2,768,000 (2017: £1,902,000) was in respect of continuing operations.

Contributions of £188,000 were due to these schemes at 28 February 2018 (2017: £109,000).

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

Notes to the consolidated financial statements continued

26 SHARE CAPITAL

GROUP AND COMPANY	Ordinary shares 2018 Number	Ordinary shares 2017 Number	Ordinary shares 2018 £'000	Ordinary shares 2017 £'000
A) AUTHORISED				
Ordinary shares of 10 pence each	34,903,000	34,903,000	3,490	3,490

GROUP AND COMPANY	Ordinary shares 2018 Number	Ordinary shares 2017 Number	Ordinary shares 2018 £'000	Ordinary shares 2017 £'000	Share premium 2018 £'000	Share premium 2017 £'000
B) ISSUED						
Fully paid ordinary shares of 10 pence each						
As at start of year	30,173,759	30,113,927	3,018	3,011	52,510	52,314
Shares issued as part of acquisitions	1,262,592	–	126	–	–	–
Shares issued and fully paid (see below)	–	59,832	–	7	3,295	196
As at end of year	31,436,351	30,173,759	3,144	3,018	55,805	52,510

On the 26 September 2017, the Company issued 458,166 shares as consideration for the acquisition of NAVES Corporate Finance GmbH. These shares were admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange on 28 September 2017.

On 2 February 2018, the Company completed the acquisition of the entire issued share capital of Atlantic Brokers Holdings Limited. The company issued 804,426 shares to satisfy £2.1 million of the consideration. These shares were admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange on 7 February 2018.

No shares were issued in the year as part of the Save As You Earn ("SAYE") Scheme. 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 2018 or 28 February 2017.

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 an employee save-as-you-earn option scheme called the Braemar Shipping Services plc 2014 Savings-Related Share Option Scheme ("SAYE"). No option may be granted under any 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.

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 2017	Granted	Exercised	Lapsed	Number at 28 February 2018	Exercise price (pence)	Exercisable between
SAYE								
	2013	3,103	–	–	(3,103)	–	336.2	2016-2017
	2015	276,187	–	–	(203,609)	72,578	402.7	2018-2019
	2017	–	523,737	–	(43,108)	480,629	245.0	2020-2021
		279,290	523,737	–	(249,820)	553,207		

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

	SAYE 2017	SAYE 2015
Grant date	15 Jun 2017	01 Aug 2015
Share price at grant date	262.00p	461.95p
Exercise price	245.04p	402.67p
Number of employees	204	239
Shares under option	523,737	353,254
Vesting period (years)	3.0	3.0
Expected volatility	35.60%	42.90%
Option life (years)	3.5	3.5
Risk-free rate	0.38%	1.90%
Expected dividends expressed as a dividend yield	5.30%	5.00%
Possibility of ceasing employment before vesting	8.00%	5.00%
Expectation of meeting performance criteria	100.00%	100.00%
Fair value per option	47.30p	118.90p

The expected volatility is based on historical volatility if the Company's shares as traded on the London Stock Exchange. The risk-free rate of return is based on LIBOR.

No options were exercised in the current year. The weighted average share price for share options exercised in the prior year was 385.07 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 (ESOP) 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.

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

SHARE SCHEME	Number at 1 March 2017	Granted	Exercised	Lapsed	Number at 28 February 2018	Exercise price (pence)	Exercisable between
Deferred bonus plan	1,402,254	551,936	(320,964)	(273,693)	1,359,533	nil	2018-2021

The weighted average exercise price for awards exercised during the year was £nil (2017: £nil).

The Company also grants certain awards under the Deferred bonus Plan to attract and retain key staff hires. As a result, an additional 411,566 options were granted in the financial year. These awards will vest over a period of up to 5 years.

III. RESTRICTED SHARE PLAN

During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). This scheme was set up and awarded to employees to retain key staff following the merger between Braemar Shipping Services plc and ACM Shipping plc. 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.

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.

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

SHARE SCHEME	Number at 1 March 2017	Granted	Exercised	Lapsed	Number at 28 February 2018	Exercise price (pence)	Exercisable between
Restricted share plan	1,325,000	77,120	(482,500)	(190,750)	728,870	nil	2018-2021

During the year ended 28 February 2018 a further 77,120 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.

The weighted average exercise price for awards exercised during the year was £nil (2017: £nil).

Notes to the consolidated financial statements continued

26 SHARE CAPITAL continued

IV. LONG-TERM INCENTIVE PLAN ("LTIP")

The Company also has LTIP awards, which allows for the form of a conditional right to receive shares at nil cost. The awards normally vest over three years and are subject to a performance condition based on earnings per share ("EPS").

In 2014, the performance criteria of the LTIPs is that awards vest 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.

No LTIP awards were granted in the year ended 28 February 2018.

27 SHARES TO BE ISSUED

GROUP AND COMPANY	£'000
At 29 February 2016	3,439
Gift of funds to ESOP for the acquisition of shares	650
ESOP shares allocated	(1,127)
At 28 February 2017	2,962
Gift of funds to ESOP for the acquisition of shares	1,073
ESOP shares allocated	(1, 334)
At 28 February 2018	**2,701**

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 2018, the ESOP held 359,798 (2017: 541,440) ordinary shares of 10 pence each. The funding of the purchase has been provided by the Company in the form of a gift 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.

As part of the acquisition of ACM Shipping Group plc in July 2014, the Company issued 125,621 shares into an Employee Trust ("EBT") previously run by ACM Shipping Group plc. As at 28 February 2018, the EBT held 75,540 (2017: 115,683) ordinary shares of 10 pence.

The total cost to the Company of shares and cash held in the ESOP and EBT at 28 February 2018 was £2,701,000 (2017: £2,962,000) including stamp duty associated with the purchase. The shares owned by the ESOP and EBT had a market value at 28 February 2018 of £1,062,225 (2017: £1,688,806). The distribution of these shares is determined by the Remuneration Committee.

616,785 shares (2017: 253,286) have been released to employees during the year.

28 OTHER RESERVES

GROUP	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total £'000
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
Cash flow hedges					
– Transfer to net profit	–	–	–	852	852
– Fair value gains in the period	–	–	–	158	158
Exchange differences	–	–	(3,674)	–	(3,674)
Deferred tax on items taken to equity	–	–	–	(202)	(202)
At 28 February 2018	**396**	**21,346**	**4,217**	**126**	**26,085**

COMPANY	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 1 March 2016, 28 February 2017 and 28 February 2018	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 £158,000 asset (2017: £852,000 liability). A deferred tax liability of £0.2 million (2017: £0.1 million asset) is attributable to these transactions

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

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Loss/(profit) before tax for the year from continuing operations	**(1,514)**	211	**(1,765)**	15,529
Loss before tax for the year from discontinued operations	**(595)**	(848)	**–**	–
Adjustments for:				
– Depreciation of property, plant and equipment (continuing)	**1,165**	1,083	**–**	–
– Depreciation of property, plant and equipment (discontinuing)	**39**	–	**–**	–
– Amortisation of computer software	**583**	549	**–**	–
Specific items:				
– Restructuring costs	**–**	3,008	**–**	–
– Gain on disposal of investment	**–**	(1,664)	**–**	–
– Amortisation of other intangible assets	**2,378**	501	**–**	–
– Other specific items	**6,689**	1,984	**2,870**	–
– Finance income	**(95)**	(61)	**(32)**	–
– Finance expense	**713**	364	**595**	351
– Share-based payments (excluding restricted share plan)	**1,131**	1,315	**–**	–
– Net foreign exchange gains and financial instruments	**(809)**	(307)	**–**	–
Changes in working capital:				
– Trade and other receivables	**4,950**	254	**(27,182)**	(4,701)
– Trade and other payables	**(3,717)**	3,062	**23,337**	(9,717)
Contribution to defined benefit pension scheme	**(450)**	(450)	**–**	–
Provisions	**(399)**	(219)	**–**	–
Cash generated from operations before acquisition and disposal related activities	**10,069**	8,782	**(2,177)**	1,462
Expenditure on restructuring	**–**	(2,152)	**–**	–
Movement in net assets held for sale	**(515)**	–	**–**	–
Acquisition fees paid	**(2,870)**	–	**(2,870)**	–
Amounts due to acquisition related retention payments	**(2,980)**	–	**–**	–
Cash generated from operations after acquisition and disposal related activities	**3,704**	6,630	**(5,047)**	1,462

30 FINANCIAL COMMITMENTS

A) OPERATING LEASE COMMITMENTS

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

	Land and buildings			
2018	**Lease minimum payments £'000**	**Sub-lease income £'000**	**Net minimum lease repayments £'000**	**Other £'000**
Within one year	**4,086**	**(1,159)**	**2,926**	**111**
Between one and five years	**11,815**	**(1,735)**	**10,080**	**56**
Over five years	**3,563**	**(615)**	**2,949**	**–**
	19,464	**(3,509)**	**15,955**	**167**

Notes to the consolidated financial statements continued

30 FINANCIAL COMMITMENTS continued

2017	Land and buildings Lease minimum payments £'000	Sub-lease income £'000	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

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.

31 CONTINGENT LIABILITIES

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

	Group 2018 £'000	2017 £'000
Bank guarantees given to:		
HM Revenue and Customs	**1,410**	2,036
Third parties (cash-collateralised)	**252**	465
Third parties (non-cash-collateralised)	**794**	713
Total	**2,456**	3,214

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 23).

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). Any implemented legislation from the UK Government which increases the value of GMP, would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of any change.

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, were 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 in relation to gifts to the Braemar Shipbrokers Ltd Employee Benefit Trust, held in Gibraltar. Following receipt of the assessment the Company received funds of £1.6 million from the vendors which were paid to HMRC 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 (2017: £0.6 million) remains outstanding pending the appeal result. The assessment remains under appeal 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. The Group is in correspondence with the Trustee of the Braemar Shipbrokers Ltd Employee Benefit Trust, Castle Trust concerning this. At this stage, we do not believe that these changes will have a material impact on the Group's assets and financial performance.

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.

32 RELATED PARTY TRANSACTIONS

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

GROUP	2018 Recharges to/(from) £'000	2018 Dividends £'000	2018 Balance due from £'000	2017 Recharges to/(from) £'000	2017 Dividends £'000	2017 Balance due from £'000
London Tanker Brokers Panel	**325**	**–**	**–**	395	–	–

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

Key management compensation is disclosed in Note 4.

Following the acquisition of NAVES Corporate Finance GmbH in the year, the Group have an additional related party, Risorto GmbH, which is controlled by its management. The amount charged by Risorto GmbH in the year to the Group was €0.8 million and the amount charged to Risorto GmbH in the year was less than €0.1 million. The balance owing to Risorto GmbH as at 28 February 2018 was €0.7 million.

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

	2018			2017		
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)**	–	–	(589)
Braemar ACM Shipbroking Limited	**(3,027)**	**–**	**(9,296)**	–	–	(6,269)
Braemar Technical Services (Engineering) Limited	**(415)**	**–**	**389**	450	–	804
Braemar Technical Services Holdings Limited	**(1,053)**	**884**	**(169)**	(797)	797	–
Braemar Technical Services (Adjusting) Limited	**315**	**–**	**69**	315	–	468
Braemar Technical Services Limited	**(399)**	**–**	**2,965**	(367)	–	2,896
Cory Brothers Shipping Agency Limited	**(4,412)**	**–**	**(6,476)**	(2,067)	–	(2,064)
Braemar Response Limited	**533**	**–**	**995**	462	–	462
Cagnoil Limited	**–**	**–**	**39**	–	–	39
Braemar ACM Shipbroking Pte Limited	**3,272**	**–**	**–**	431	–	(3,272)
Braemar Technical Services Offshore Pte Limited	**41**	**–**	**24**	1,145	4,572	65
Braemar ACM Group Limited	**(4,863)**	**3,468**	**1,553**	(13,102)	14,368	2,948
Braemar ACM Valuations Limited	**(339)**	**–**	**–**	339	–	339
Braemar Holdings (USA) Inc	**–**	**–**	**1,298**	1,298	–	1,298
Portabella Limited	**–**	**–**	**(525)**	–	–	(525)
Braemar-NAVES Corporate Finance GmbH	**208**	**–**	**208**	–	–	–
Braemar-NAVES Corporate Finance Limited	**23**	**–**	**23**	–	–	–

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	BS Energy Services Limited	Dormant
Braemar Technical Services Holdings Limited	Holding company	Seascope Capital Services Limited	Dormant
Braemar Financial 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
Braemar Atlantic Securities Holdings Limited	Holding company	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	Holding company	Braemar Container Shipping and Chartering Limited	Dormant
Cagnoil Limited	Dormant	Braemar Seascope Shipping Limited	Dormant
Orca Shipping Limited	Dormant	Seascope Sale & Purchase Limited	Dormant
Braemar Futures Limited	Dormant	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-NAVES Corporate Finance Limited	Corporate finance	Alchemy Trading Company Limited	Dormant
Braemar Atlantic Securities Limited	Futures broker	ACM Sale & Purchase Limited	Dormant
Braemar Developments Limited	Dormant	ACM Tankers Limited	Dormant

Notes to the consolidated financial statements continued

32 RELATED PARTY TRANSACTIONS continued

INCORPORATED IN THE UK

ONE STRAND, TRAFALGAR SQUARE, LONDON WC2N 5HR	PRINCIPAL ACTIVITY	ONE STRAND, TRAFALGAR SQUARE, LONDON WC2N 5HR	PRINCIPAL ACTIVITY
Braemar Chartering Limited	Dormant	ACM Shipping EBT Limited	Dormant
Wavespec (North East) Limited	Dormant	ACM Shipping CIS Limited	Dormant
Braemar Seascope Technical Services Limited	Dormant	Morrison Shipping Agency Limited	Dormant
Braemar Tankers Limited	Dormant	Morrison Shipping Agency Limited	Dormant
Fred Olsen Freight Limited	Ship agents/logistics	Persona Logistics Services Limited	Dormant
CB (Newcastle) Limited	Dormant	Planetwide Group Limited	Dormant
Cory Logistics Limited	Dormant	Planetwide Limited	Dormant
Freight Action Limited	Dormant	Red Dragon Line Limited	Dormant
Gorman Cory Shipping Agency Limited	Dormant	Ship Trak Limited	Dormant
Lemstock Limited	Dormant	South African Liner Services Limited	Dormant
London Central Cruise Moorings Limited	Dormant		
Lawrence Holt & Company 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
Asian Energy Services 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 (Engineering) Inc	Energy consultants

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 GERMANY

AMTSGERICHT HAMBURG HRB 114161, GERMANY	PRINCIPAL ACTIVITY	AMTSGERICHT HAMBURG HRB 114161, GERMANY	PRINCIPAL ACTIVITY
Braemar-NAVES Corporate Finance GmbH	Corporate finance	Braemar Financial Holdings Germany GmbH	Holding company

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
Braemar ACM Shipbroking India Private Limited	Shipbroking

SHANGHAI BUND INTERNATIONAL TOWER, 99 HUANGPU ROAD, 1101, SHANGHAI 200080, CHINA	PRINCIPAL ACTIVITY
Braemar Technical Services (Offshore) Shanghai Pte Limited	Marine consultants
Braemar Salvage Association (Shanghai) Limited	Energy loss adjuster

PIAZZA 2 GIUGNO NO 14, 54033 CARRARA ITALY	PRINCIPAL ACTIVITY
Braemar Seascope Italia SRL	Shipbroking

801/A, MALHOTRA CHAMBERS, OFF. GOVANDI STATION ROAD, GOVANDI (EAST), MUMBAI – 400088, INDIA	PRINCIPAL ACTIVITY
Braemar Technical Services (Offshore) India Pvt Limited	Marine consultants

5TH FLOOR, DAHANUKAR BLDG, 480, KALBADEVI ROAD, MUMBAI, 400002, INDIA	PRINCIPAL ACTIVITY
ACM Shipping India Limited	Shipbroking

SUITE 400 736, 8TH AVENUE SW, CALGARY AB, CANADA T2P 1H4	PRINCIPAL ACTIVITY
Braemar Technical Services (Canada) Limited	Energy loss adjuster

SUITE 2009, BUILDING C LUNENG INTERNATIONAL CENTER, NO.211, GUOYOA ROAD, PUDONG DISTRICT, SHANGHAI, 200126	PRINCIPAL ACTIVITY
Braemar ACM Shipbroking (Shanghai) Limited	Shipbroking

DUBAI WORLD TRADE CENTRE BUILDING 15TH LEVEL, PO BOX 9222 DUBAI, UNITED ARAB EMIRATES	PRINCIPAL ACTIVITY
Braemar Technical Services LLC	Energy loss adjuster

24 GRASSY PLAIN STREET – STE 4, BETHEL, CT 06801-1700 USA	PRINCIPAL ACTIVITY
Braemar ACM Shipbroking LLP	Shipbroking

311/312 BAIRRO BARRA DA TIJUCA, RIO DE JANEIRO/RJ. CEP. 22620-172, BRAZIL	PRINCIPAL ACTIVITY
BTS Consultores Ltda	Dormant

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

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

P. O. BOX 556, MAIN STREET, CHARLESTOWN, NEVIS	PRINCIPAL ACTIVITY
Braemar Technical Services Holdings Pte Limited	Marine consultants

13 FOREGATE SQUARE, TABLE BAY BOULEVARD, CAPE TOWN 8000, SOUTH AFRICA	PRINCIPAL ACTIVITY
Braemar Technical Services SA (Pty) 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

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

WISMA KODEL 2ND FLOOR, JI H.R. RASUNA SAID, KAV. B-4, JAKARTA 12910	PRINCIPAL ACTIVITY
PT Braemar Technical Services Offshore (49% owned)	Marine consultants

STRAWINSKYLAAN 31278E VERDIEPIN, AMSTERDAM, 1077 ZX, NETHERLANDS	PRINCIPAL ACTIVITY
Braemar LNG BV	Engineering consultants

SUITE 550 PETROVIETNAM TOWER, 8 HOANG DIEU STREET, VUNG TAU CITY, VIETNAM	PRINCIPAL ACTIVITY
Braemar Technical Services (Offshore) Vietnam Co Limited	Marine consultants

WTC SCHIPOL AIRPORT, SCHIPOL BOULEVARD 231, 118 BH AMSTERDAM SCHIPOL, NETHERLANDS	PRINCIPAL ACTIVITY
FSP LNG B.V. (33% owned)	Engineering 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) Limited	Marine consultants

FOSFAATWEG 48, AMSTERDAM, 1013 BM, NL	PRINCIPAL ACTIVITY
Cory Brothers (The Netherlands) B.V.	Ship agents/ logistics

Five-year financial summary (unaudited)

CONSOLIDATED INCOME STATEMENT

CONTINUING OPERATIONS	12 months to 28 February 2018 £'000	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
Group revenue	**133,409**	135,935	159,125	145,601	125,531
Other operating expenses	**(125,238)**	(131,708)	(145,367)	(134,070)	(116,248)
Specific items (net)	**(9,067)**	(3,713)	(3,445)	(5,948)	(432)
Total operating expenses	**(134,305)**	(135,421)	(148,812)	(140,018)	(116,680)
Operating (loss)/profit	**(896)**	514	10,313	5,583	8,851
Interest income/(expenses) (net)	**(618)**	(303)	(387)	(293)	196
Share of profit/(loss) from joint ventures	**–**	–	–	(162)	(88)
Profit before taxation	**(1,514)**	211	9,926	5,128	8,959
Taxation	**(877)**	(20)	(2,826)	(2,187)	(2,268)
Profit after taxation	**(2,391)**	191	7,100	2,941	6,691
Dividends					
Interim	**1,501**	2,838	2,659	2,694	1,915
Final proposed	**2,951**	1,476	4,990	4,989	3,572
	4,452	4,314	7,649	7,683	5,487
Earnings per ordinary share – pence					
Basic – underlying	**21.14p**	10.72p	34.70p	32.28p	33.51p
Diluted – underlying	**19.51p**	9.70p	31.53p	29.48p	32.13p

Note: The years ended 29 February 2016, 28 February 2015 and 28 February 2014 have not been restated for the reclassifications of discontinued operations.

Five-year financial summary (unaudited)

CONSOLIDATED BALANCE SHEET

	As at 28 February 2018 £'000	As at 28 February 2017 £'000	As at 29 February 2016 £'000	As at 28 February 2015 £'000	As at 28 February 2014 £'000
Assets					
Goodwill	**88,961**	77,806	76,912	76,254	30,091
Other intangible assets	**3.393**	2,215	2,684	3,117	1,369
Property, plant and equipment	**3.322**	4,561	5,104	4,862	5,898
Investments	**1,356**	1,356	1,537	1,528	1,715
Deferred tax assets	**3,120**	3,584	2,177	1,548	1,644
Other receivables	**300**	385	355	244	242
	100,452	89,907	88,769	87,553	40,959
Current assets					
Trade and other receivables	**52,605**	57,199	58,135	57,442	47,386
Derivative financial instruments	**159**	–	–	–	–
Assets held for sale	**2,865**	–	–	–	601
Cash and cash equivalents	**5,424**	7,674	11,497	16,289	13,694
	61,053	64,873	69,632	73,731	61,681
Total assets	**161,505**	154,780	158,401	161,284	102,640
Liabilities					
Current liabilities					
Trade and other payables	**41,462**	46,707	44,253	42,332	32,847
Short-term borrowings	**7,873**	622	1,800	6,800	–
Current tax payable	**1,858**	996	1,640	757	2,112
Provisions	**320**	854	729	1,273	410
Convertible loan notes and deferred consideration	**366**	–	–	–	–
Liabilities held for sale	**766**	–	–	–	1,119
	52,645	49,179	48,422	51,162	36,488
Non-current liabilities					
Long-term borrowings	**–**	–	500	2,300	–
Deferred tax liabilities	**999**	836	430	825	531
Provisions	**424**	288	533	1,242	335
Convertible loan notes and deferred consideration	**10,341**	–	–	–	–
Pension deficit	**3,437**	4,305	1,211	1,482	–
	15,567	5,429	2,674	5,849	866
Total liabilities	**67,846**	54,608	51,096	57,011	37,354
Total assets less total liabilities	**93,659**	100,172	107,305	104,273	65,286
Equity					
Share capital	**3,144**	3,018	3,011	2,998	2,167
Share premium	**55,805**	52,510	52,314	51,970	12,218
Shares to be issued	**(2,701)**	(2,962)	(3,439)	(3,611)	(2,934)
Other reserves	**26,085**	28,951	26,474	24,950	23,719
Retained earnings	**11,326**	18,655	28,945	27,966	30,116
	93,659	100,172	107,305	104,273	65,286
Minority interest	**–**	–	–	–	–
Total equity	**93,659**	100,172	107,305	104,273	65,286

STRATEGIC REPORT
GOVERNANCE REPORT
FINANCIAL STATEMENTS

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TIMETABLE

Ex dividend date for 2017/18 final dividend:	21 June 2018
AGM:	22 June 2018
2017/18 Final dividend record date:	22 June 2018
2017/18 Last date for DRIP elections:	6 July 2018
2017/18 Final dividend payment date:	27 July 2018
2018/19 Interim results announcement:	25 October 2018

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