BRAEMAR

Annual Report 2016

Who we are

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

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

Financial overview

Revenue

£159.1m +9.3%
2015: £145.6m

Underlying operating profit(i)

£13.8m +19.3%
2015: £11.5m

Operating profit

£10.3m +84.7%
2015: £5.6m

Basic EPS from underlying operations

34.7p +7.5%
2015: 32.3p

Full year dividend per share

26.0p
2015: 26.0p

Cash generated from operations

£13.5m +85.4%
2015: £7.3m

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

Operational highlights

- **The Group's diversification strategy ensured a resilient performance despite some challenging markets.**
- **Shipbroking division performed well and was significantly ahead of the same period last year, driven by the strength of the tanker markets.**
- **Total Shipbroking forward order book remains strong at approximately US$49 million, of which approximately US$26 million relates to 2016/17.**
- **Technical division performed in line with expectations, despite pressure from external macro-economic factors.**
- **Logistics division well set for future growth due to new opportunities in USA and Europe, despite having had a challenging year.**
- **New financing arrangement for up to £30 million with HSBC established to provide flexibility for future M&A activity following our delivery of enhanced earnings through our successful merger to form Braemar ACM Shipbroking.**

Contents

Online information

We have comprehensive financial and company information on our website. It means that shareholders can access the information 24 hours a day. Go to: braemar.com/investors

At a glance

Wide ranging. Far reaching.

What we do

We comprise three operating divisions which offer a unique combination of skills to our clients, at any time, anywhere in the world.

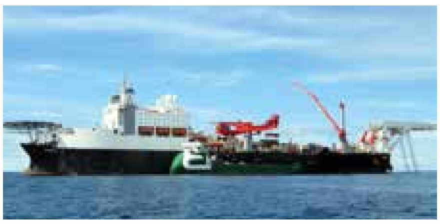
Braemar provides expert market knowledge, professional skills and advice in the shipping and offshore energy markets. We also provide technical advice and services to the owners and users of vessels, insurers and major energy companies.

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

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

Our divisions

Shipbroking



Diverse market knowledge
Braemar ACM provides shipbroking services as agent to the owners and charterers of vessels around the globe from a network of offices with three principal hubs in London, Singapore and Australia.

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

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

Technical

Blending into a strong network
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. It has a broad technical skill base which covers loss adjusting for both the shipping and energy markets, marine warranty surveys, marine engineering, vessel design and consultancy and environmental consultancy and project work.

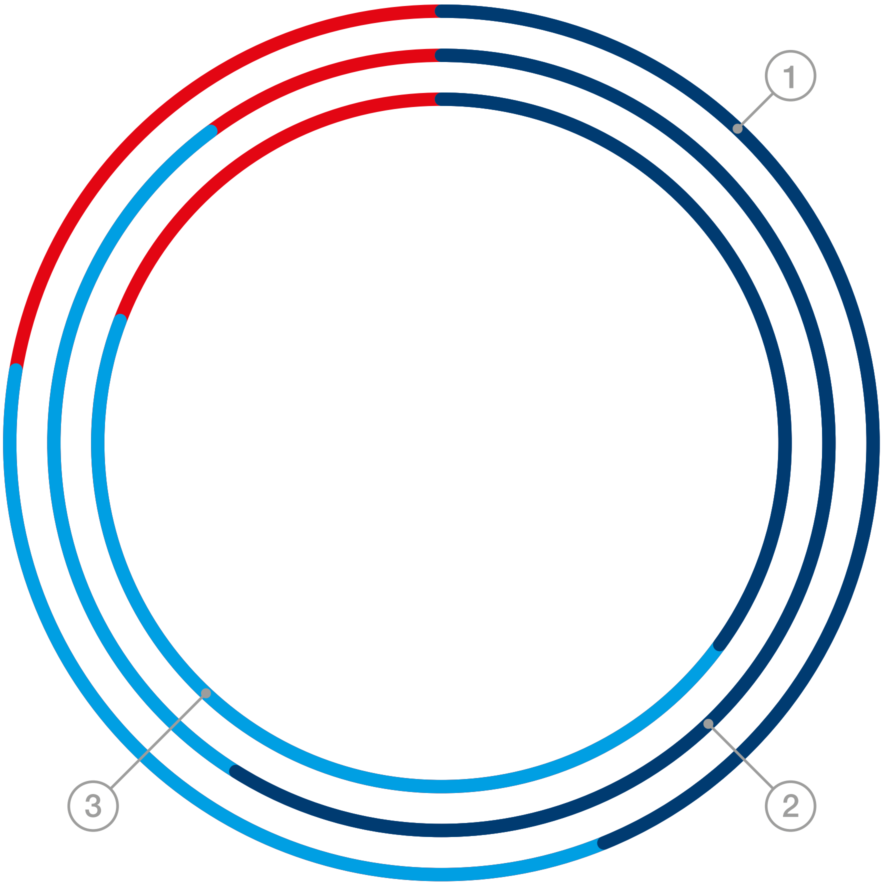
The markets in which we operate are subject to different economic drivers which will tend to moderate our exposure to individual markets.

Logistics

Expanding global reach
The logistics business trades as Cory Brothers and has been active in ship agency and logistics for more than 150 years.

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

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



A strong and balanced business portfolio

Key

1. Revenue

£159.1m

Shipbroking 44%
Technical 34%
Logistics 22%

2. Underlying operating profit

£13.8m

Shipbroking 59%
Technical 31%
Logistics 10%

3. Number of employees

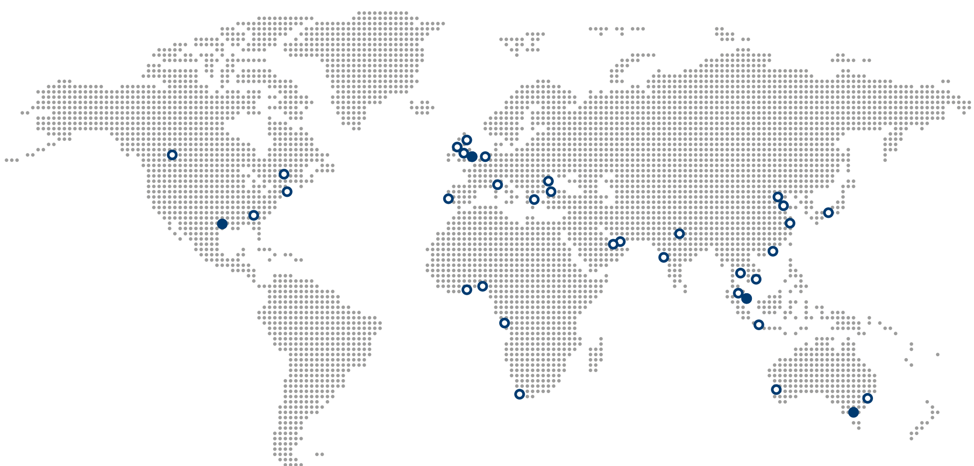
978

Shipbroking 35%
Technical 46%
Logistics 19%

Global coverage

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

Braemar offices
- Hubs
- Offices



Our services

Shipbroking

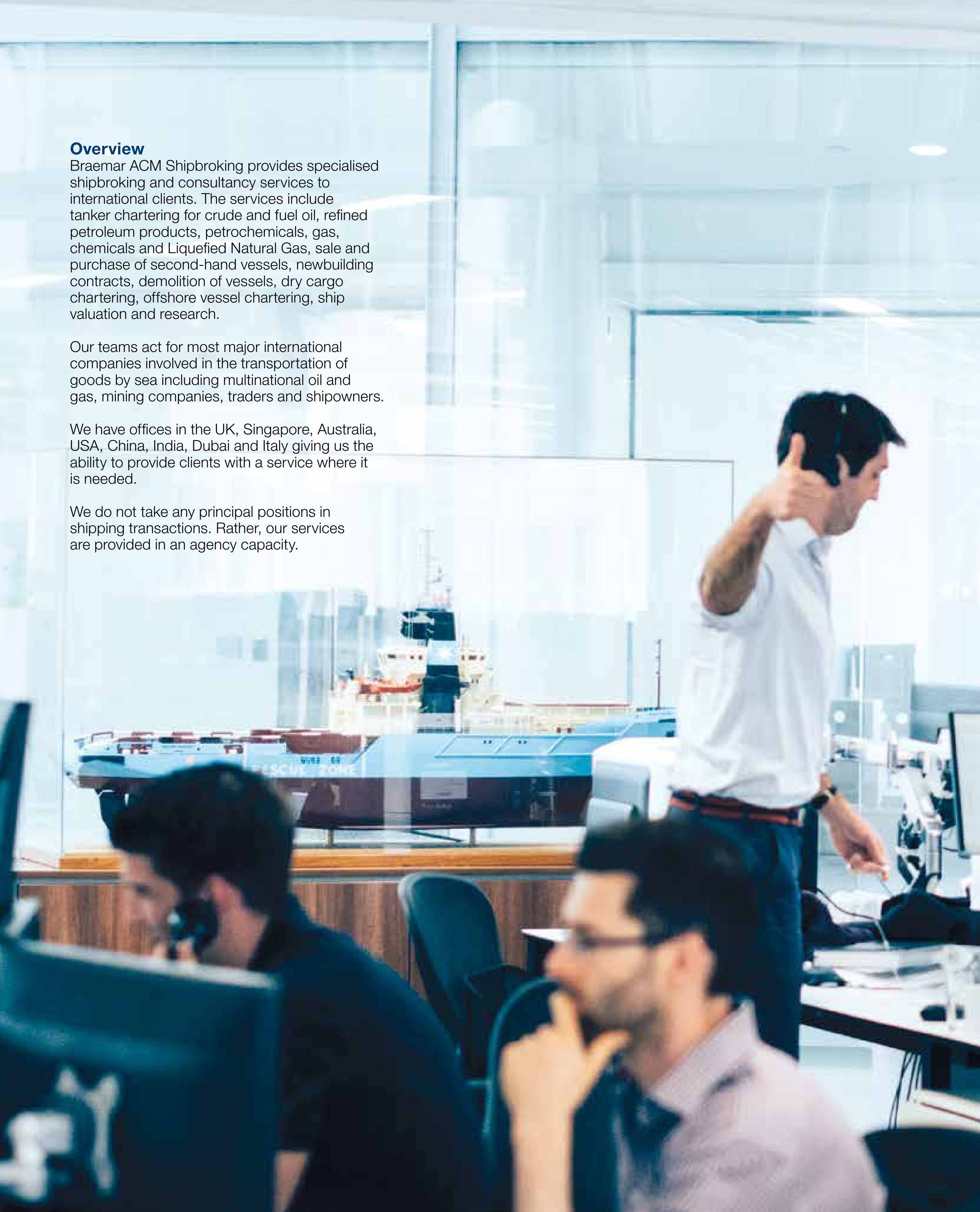
Overview

Braemar ACM Shipbroking provides specialised shipbroking and consultancy services to international clients. The services include tanker chartering for crude and fuel oil, refined petroleum products, petrochemicals, gas, chemicals and Liquefied Natural Gas, sale and purchase of second-hand vessels, newbuilding contracts, demolition of vessels, dry cargo chartering, offshore vessel chartering, ship valuation and research.

Our teams act for most major international companies involved in the transportation of goods by sea including multinational oil and gas, mining companies, traders and shipowners.

We have offices in the UK, Singapore, Australia, USA, China, India, Dubai and Italy giving us the ability to provide clients with a service where it is needed.

We do not take any principal positions in shipping transactions. Rather, our services are provided in an agency capacity.



Key facts

- Diverse international client base
- Forward order book of business
- Largely US dollar income stream
- Active in all major shipping markets

What we do

- **Tanker chartering**
  Crude oil
  Clean petroleum products
  Liquefied Petroleum Gas ("LPG")
  Liquefied Natural Gas ("LNG")
  Specialised tankers
  Forward freight agreements
  Projects
- **Sale and purchase**
  Second-hand
  Newbuilding
  Recycling
  Valuations
- **Dry bulk chartering**
- **Offshore**
  Chartering
  Sale and purchase
- **Research and consultancy**

Business growth drivers

- Seaborne trade
- Transaction volumes
- Freight rates
- Vessel values
- Quality and number of brokers
- Geographic presence

Revenue

£70.7m

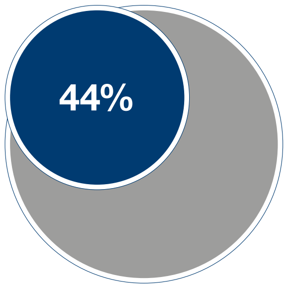
Underlying operating profit

£9.7m

Number of employees

334

Share of Group revenue



Our services
Technical

Overview

Braemar Offshore provides specialised surveying and engineering services to the marine and offshore sectors. It has offices in Singapore, Australia, China, India, Indonesia, Malaysia, Thailand and Vietnam.

Braemar Adjusting provides specialist loss adjusting and other expert services to the energy, marine, power and other related industrial sectors. It has offices in the UK, the USA, Singapore, Canada and Dubai.

Braemar Engineering provides marine engineering, newbuilding supervision and naval architecture services on a consultancy basis to the shipping and offshore markets from offices in the UK and the USA.

Braemar incorporating The Salvage Association provides marine consultancy and surveying services to the shipping, energy, offshore and insurance industries. It has a network of offices in Asia, Europe and the USA and is a market leader in the provision of hull and machinery damage surveys for the insurance industry.

Braemar Howells provides pollution response and environmental advisory services primarily in the UK and Africa. It has earned an international reputation for its work for the insurance industry and government agencies in crisis management and especially for handling the cargo from stricken vessels.

Revenue

£54.3m

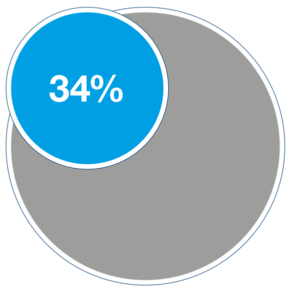
Underlying operating profit

£5.2m

Number of employees

444

Share of Group revenue



Key facts

- **Opportunities to grow due to the expanding world fleet**
- **Substantial global presence**
- **Strong reputation in key sectors**
- **Opportunity to expand service offering**

What we do

- Vessel surveys
- Liquefied natural gas consulting
- Marine engineering
- Ship construction – supervision
- Marine warranty surveys
- Energy loss adjusting
- Incident response and pollution control
- Environmental consultancy

Business growth drivers

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

Our services

Logistics

Overview

Cory Brothers provides port agency, freight forwarding and logistics services within the UK, Europe, USA and Singapore.

Port agency involves handling the needs of vessels when they are in port. Our staff are able to respond to the needs of our clients at any time of the day or night. Liner agency covers all cargo types from containers, Ro-Ro, conventional, break bulk, project cargoes and heavy lift.

The specialised project cargo division ensures that every aspect of transportation runs smoothly from chartering in specialised barges to arranging the correct lifting equipment. Every aspect of a project is planned and arranged from start to finish.

Revenue

£34.1m

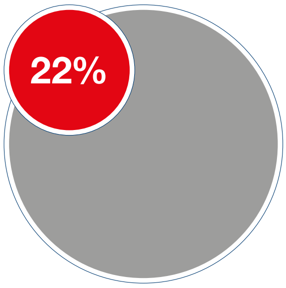
Underlying operating profit

£1.6m

Number of employees

189

Share of Group revenue



Key facts

- **Strong reputation and established brand**
- **Opportunity to expand global footprint**
- **High-quality bespoke management information systems**

What we do

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

Business growth drivers

- Key long-term client relationships
- Geographical presence
- Bespoke project management capability
- Brand recognition – “Cory Brothers”
- Integration with Braemar’s other services

Chairman's statement

One group. Stronger and better balanced

Braemar operates across the shipping, marine, energy, offshore and insurance sectors. We play a critical role in providing skills and knowledge in markets dominated by uncertain macro-economic factors. We face challenges arising from a lower level of oil and gas exploration, changes in global trade patterns and oversupplied shipping markets. Our diversified portfolio of businesses and active management strategy has enabled us to deliver a solid performance in the face of tough markets.

Results for the year

Revenue for the year increased by 9% to £159.1 million (2015: £145.6 million) and underlying operating profit from continuing operations by 19% to £13.8 million (2015: £11.5 million). Underlying earnings per share were 34.7 pence compared with 32.3 pence last year and fulfils our expectation of enhancement in the first full year following the merger with ACM.

The Shipbroking division performed strongly during the year. Our breadth of services ensured that we were able to capitalise on the rise in activity in the tanker markets driven by increased oil production and tonne miles. The offshore and dry bulk shipping markets were weak and are expected to remain so for the foreseeable future. However we have already taken action to ensure we are appropriately structured for these conditions. Our total forward order book remains strong and is currently US$49 million, of which approximately US$26 million relates to 2016/17.

The businesses within our Technical division overall performed as expected. As previously reported, the continuing impact of low oil prices affected our Offshore businesses. However this was offset by a strong performance in our Engineering business, which is a market leader in the provision of LNG engineering services.

Our Logistics division reported a lower level of profitability, but invested to expand the business in the UK and USA and won new work which we expect will generate positive returns in the future.

Board and management

I was delighted to succeed Sir Graham Hearne as Chairman of the Group at the AGM in June 2015. We also welcomed Louise Evans to the Board, succeeding Martin Beer as Group Finance Director in June 2015.

Dividend

The Directors are recommending, for approval at the Annual General Meeting on 30 June 2016, an unchanged final dividend of 17 pence per share.

This dividend will be paid on 29 July 2016 to those on the register at close of business on 1 July 2016. Together with the 9 pence interim dividend, the Company's dividend for the year of 26 pence (2015: 26 pence) will be covered 1.3 times (2015: 1.2 times) by earnings from underlying operations.

Colleagues

Braemar is a people business and it is the hard work, commitment and enthusiasm of our staff that continue to deliver our business performance. As always, the Board would like to recognise and thank everyone in the Group for their untiring efforts to establish and maintain Braemar as a valued provider of knowledge based services to the shipping, marine, energy, offshore and insurance markets across the globe.

Outlook

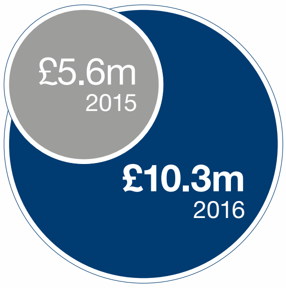
Our diversified portfolio of businesses has again put us in a strong position to handle the volatility of the shipping, marine, energy, offshore and insurance markets during the years ahead. We anticipate that our markets will continue to experience volatility and uncertainty, but that the balance of our portfolio creates greater stability which will enable us to continue to build the business.

Much has been achieved during recent years and I am encouraged by our continuing good progress. While there are likely to be market swings which affect our individual businesses, overall we expect the Group to achieve a broadly similar level of activity in the coming year. Over the longer term we remain confident for the prospects of our diversified Group and will look to continue to grow our businesses both organically and by acquisition.

David Moorhouse CBE, FNI
Chairman
13 May 2016

Underlying earnings per share

Operating profit



Chief Executive's statement

Enhancing growth potential

Trading performance

Braemar is a diversified group operating in the shipping, marine, energy, offshore and insurance markets. After a year of significant change in 2014/15, I am pleased to report this year's results which demonstrate the success of our ongoing strategy to diversify and grow the business. The results show we made encouraging progress with revenue increasing by £13.5 million to £159.1 million and underlying operating profit increasing by £2.3 million to £13.8 million.

Revenue in our Shipbroking division increased by £17.1 million to £70.7 million and underlying operating profit by £4.1 million to £9.7 million. This growth was the result of the success of our merger with ACM last year where we created a stronger and larger business. Individual shipping markets have performed with highly differential results and we have benefited from the strong tanker markets where we have a larger presence. Volatility in these sectors has enhanced the demand for our broking services as clients seek to protect their market exposure. The Dry Bulk and Offshore markets were universally weak but we have ensured that all areas are appropriately structured for these market conditions.

The Technical division met our expectations with revenue increasing significantly by £4.6 million to £54.3 million, but underlying operating profit fell by £1.1 million to £5.2 million. The division includes a mix of businesses facing different market dynamics, and while certain business units have suffered from the falling oil price and slowdown in Asia, others have seen increased project activity.

Revenue in the Logistics division fell by £8.2 million to £34.1 million reflecting a lower level of freight forwarding business. Underlying operating profit also fell by £0.7 million in the year to £1.6 million. This was largely due to the set-up costs of our new office in Houston and the lead time to the start of new contracts. The profitability of the freight forwarding and bespoke projects departments was also affected by delays to specific infrastructure projects in the UK. Notwithstanding these factors, the division has laid the foundations for future growth and the early signs of recovery are underway.

Strategic developments

Our objective remains to build the Braemar Group as the most valued provider of knowledge and skill-based services to the shipping, marine, energy, offshore and insurance markets on a global basis. As we have built our three divisions in recent years we have created a global presence that provides us with a strong platform to add to our teams and existing businesses to achieve this.

Our Executive Committee meets regularly to explore opportunities to grow the Braemar Group and identify ways to enhance our three divisions. We continue to seek opportunities to expand either by acquisition or by developing our business organically. To this end we have recently concluded a structured refinancing arrangement with HSBC bank that will make up to £30 million available for future business development.

We invested in information technology and infrastructure across our offices during the year in order to better support the Group. We continued to roll out a common accounting system across all divisions and, once completed, our global Group will operate across a common accounting platform. This will enable an improved ability to share information across the Group and make it easier to bolt on or establish new enterprises.

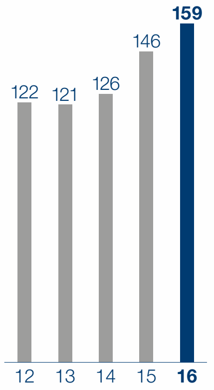
We increased the resource for developing and training our staff to ensure there is career development and effective succession in place in all areas of the Group.

At the end of 2015, we relocated our two Technical London offices into a single location and fitted out the office to be consistent with our corporate brand. We have four hub offices in London, Singapore, Houston and Melbourne from which we will continue to build the Braemar Group.

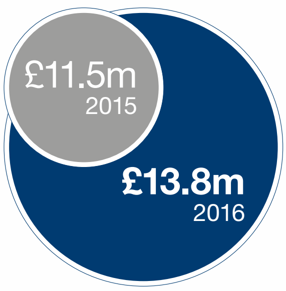
I am very pleased with the progress the Group made during the year and believe that we can continue to develop the Group further. I am looking forward to working with the staff and leadership team to move into the next phase of Braemar's development.

James Kidwell
Chief Executive
13 May 2016

Revenue



Underlying operating profit

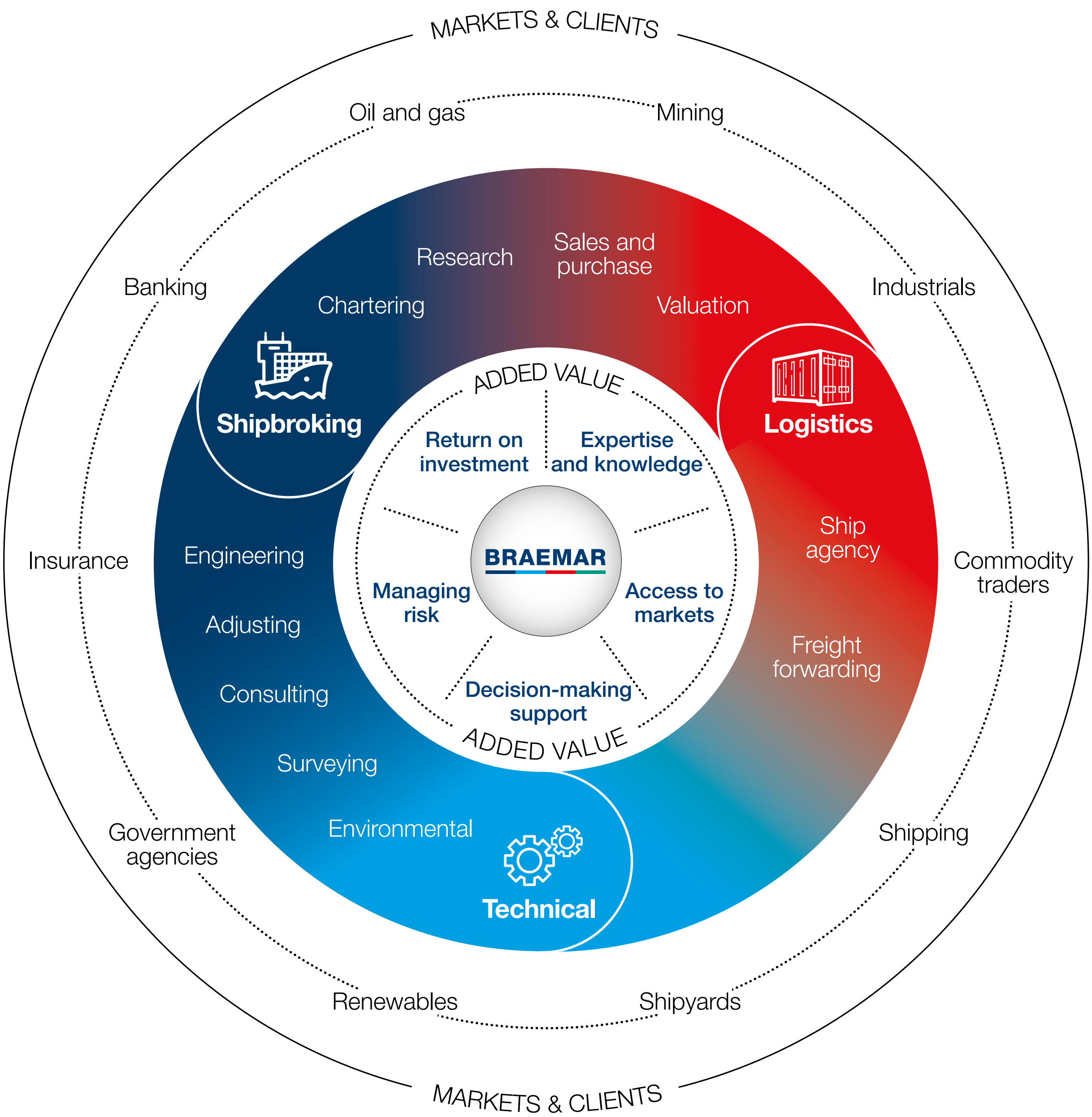


Business model and strategic summary

Delivering performance

Our business model

An integrated global network of skilled and experienced people delivering services to our clients via a trusted global brand.



Business model

Braemar provides expert market knowledge and professional skills and advice to clients in the shipping, marine, energy, offshore and insurance markets. We do this through a global network of consistently trusted and commonly branded businesses. We focus on providing technical and practical knowledge, advice and services. Our income is generated through commissions, project fees or time-based charges for expertise.

Our clients are the owners and users of vessels, insurers and major energy companies which engage in significant projects, where our knowledge and skill can add or protect significant value. We aim to build long-term relationships with these clients so they understand and trust in what we can do for them. Each segment of our portfolio of businesses has specialised knowledge and skills but they are complementary and often service the same client. Clients receive the same standards of service from all areas of the Group, which reinforces the value of the global brand. "Braemar" is about expertise, trust, reliability, integrity, respectability and being ethically sound.

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

Our assets are our people, their client relationships, our reputation and our corporate brand. The cash that we generate is used for rewarding our staff based on the value they deliver, investing in new teams or businesses and to providers of finance, especially dividends to our shareholders. Our equity listing enables us to reward staff with deferred equity which aligns their interests with our shareholders, as well as raising capital to make acquisitions when opportunities arise.

Current portfolio drivers

Shipbroking

The Shipbroking business is driven by the number of ship transactions we conclude and the value of those transactions. The volume of seaborne trade has increased steadily over many years and has driven significant growth in the volume of shipping business. Individual market segments are influenced by the demand for commodities and other seaborne cargoes and the supply of suitable vessels, the US$/£ exchange rate and the price of fuel for ships (the bunker price). We are represented in most market segments which helps balance individual market volatility. Most of our income is denominated in US dollars.

Technical

The portfolio of Technical businesses services the shipping, marine, energy, offshore and insurance markets. Sustained growth in global trade and energy provision is therefore a long-term driver for all segments in this portfolio. However, short-term fluctuations will affect each of the segments differently. Oil and gas exploration is sensitive to the oil price. Our engineering consultancy services to the LNG market is driven by investment in new projects and an increasing trend towards the use of cleaner fuels. Much of our insurance work relates to infrastructure damage caused by bad weather or by restrictions on repairs and maintenance budgets.

Logistics

Our Logistics business is largely driven by the level of UK import/export business, although we have increased our activities in other geographies especially the Far East and the USA.

Strategic initiatives

- Strengthening the core
- Expanding our diversified portfolio
- Developing our people
- Building our scale

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Key performance indicators

- Underlying operating profit
- Earnings and dividend per share
- Diversity of revenue

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Resources and relationships

- Our people
- Client relationships
- Our reputation and brand
- Our knowledge management
- Our ethical footprint

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Principal risks and uncertainties

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

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Strategic initiatives

Growth and diversity

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

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

Strategic elements

Strengthening the core

- We are continuing to invest in our information systems to assist our people to deliver the best possible service to clients.
- We build our core business through employing individuals or teams when and where we believe there is opportunity.

Expanding our diversified portfolio

- Our diversified portfolio of businesses serves a range of industries which smooths the impact of economic cycles, enabling the business to withstand volatile market conditions.
- We continue to review the balance of the portfolio in conjunction with our review of risks and uncertainties and adjust our investment decisions to maintain an appropriate balance.
- Each segment of our portfolio covers a different area of knowledge and skill but are interconnected, complementary and often service the same clients.

Developing our people

- Our people are the key asset of our business. Everything we do is founded on their knowledge, skills and commitment.
- We have created a business that is regarded as a "stable player" in challenging markets which enables us to attract talent and strengthen our teams.
- We continue to invest in the training, recruitment, retention and development of our people.
- We include a significant amount of performance-based remuneration for the majority of staff and have increased the level of share ownership through the use of share-based reward schemes.

Building our scale

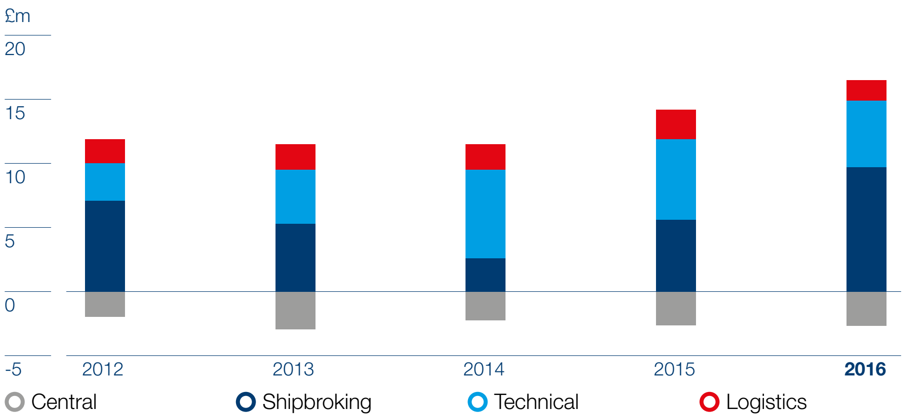
- We have continued to strengthen our geographic footprint by building our businesses in locations where we have an existing presence.
- We have driven organic growth in our existing business units.
- We actively seek opportunities for acquisitive growth, focusing on medium and long-term growth sectors.
- We are investing in the development of the global Braemar corporate brand.

Key performance indicators

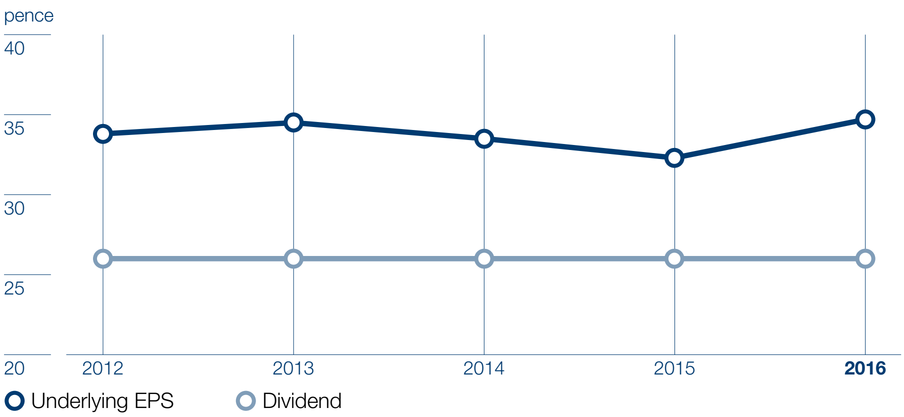
Delivering shareholder value

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

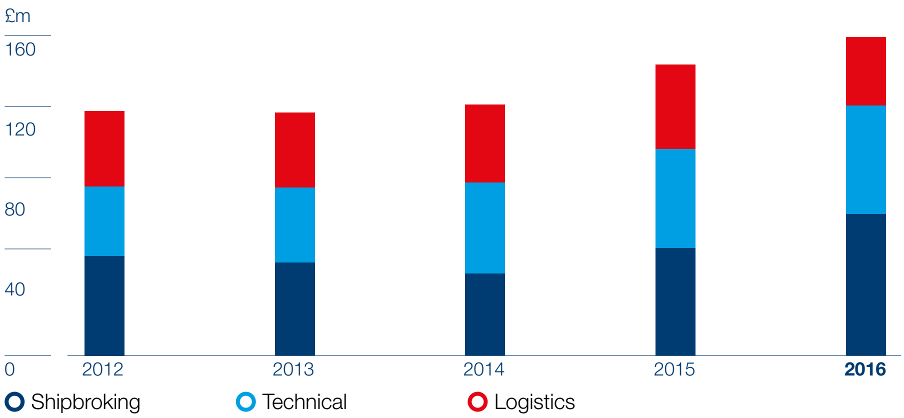
Underlying operating profit



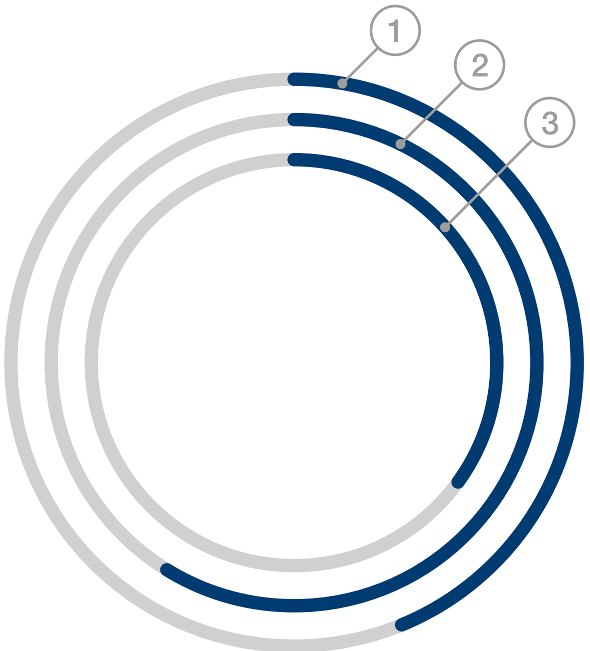
Earnings and dividend per share



Diversity of revenue



Review of operations
Shipbroking



Key
1. Revenue 44%
2. Underlying operating profit 59%
3. Employees 35%

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

Services

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

The Shipbroking division reported strong growth with revenue up 32% on the prior year at £70.7 million and underlying profits up 73% at £9.7 million. This reflects the success of our July 2014 merger to form Braemar ACM Shipbroking.

Deep Sea Tankers

The Deep Sea crude oil and refined product desks operate predominantly out of London and Singapore with teams in Mumbai, Dubai, Connecticut and Houston. The teams delivered a strong performance in 2015/16 driven by increased oil production which stimulated demand for tankers and served to increase freight rates to levels not experienced since 2008.

The fall in oil prices continues to support global demand for oil. Crude oil trade surged during 2015 as refineries increased activity to meet demand for transport fuels and petrochemical feedstock. This increased consumption of oil and the demand for seaborne crude particularly stimulated the VLCC market. The global rise in supply of oil led to increased competition for tonnage which was further enhanced as Far Eastern countries diversified their crude intake from the Middle East to include the Atlantic Basin producers, thus increasing tonne miles and keeping freight rates strong. The rise in supply also allowed contangos to develop which created an incentive for oil traders to store oil, increasing the levels of land-based storage and leading to some discharge delays and a reduction in available tonnage.

Despite China's economic slowdown, it continued to fill its strategic petroleum reserves. The market also benefited from relatively low growth in the global tanker fleet with a small number of new ships coming into the market. However ship owners also chose to defer demolition of other vessels to capitalise on the strong freight rates.

The strong spot market had a positive effect on the long-term period charter market and the freight futures market and our experienced teams were able to help clients in managing their exposure to volatile freight markets.

The fall in oil prices also boosted clean product demand globally, particularly in developing countries that lacked the refining infrastructure to meet their own product needs. Importantly, having started 2014 significantly underutilised, the world's refineries were able to meet this new demand. Rising demand was supported by rising average voyage duration.

For 2016/17 the market looks to remain uncertain. Low crude oil prices and longer voyage distances are expected to continue which may drive further growth in demand, but this could be offset by the effect of the delivery of new ships and an expected low level of demolition. With the lifting of economic sanctions against Iran, more Iranian crude oil volumes are expected but the effect on the market is unclear and may be offset by the utilisation of Iranian-owned crude tankers in the international market.

Specialised Tankers

Specialised Tankers covers the transportation of LNG, LPG, petrochemical gases, chemicals and smaller parcels of products. In 2015/16 each of the teams performed well and delivered growth performances.

The LNG and LPG markets have experienced overall fleet growth during recent years, with investment in VLGCs leading expansion. This growth in fleet size has generated an oversupply of freight against a lack of worldwide demand which has resulted in low rates in the spot market and a diminishing need for time charters.

Offshore

Our Offshore desk operates out of London, Aberdeen, Singapore and Houston. 2015/16 was a tough year with exploration activity significantly curtailed as major oil companies sought cost reductions. Reduced exploration activity led to decreased demand for vessels while supply increased as time-charter contracts came to an end resulting in a reduction in spot rates. It is likely that these market conditions will continue until we see a period of higher and more stable oil prices stimulating new exploration activity. Against this challenging backdrop, our Offshore team performed well to deliver a profitable performance.

Dry Bulk

The Dry Bulk desk operates from offices in Australia, London, Singapore, India and China. Despite increased transaction volumes, 2015/16 was one of the poorest Dry Cargo freight markets on record due to the oversupply of tonnage combined with weaker commodity demand. This was largely driven by the slowdown in the growth rate in China where iron ore and coal demand remains a significant influence on the Capesize market. Cape rates reached lows not experienced since the mid 1980s.

Going into 2016/17, the projected volume of new ships coming into the market is expected to put further pressure on the current imbalance between oversupply of tonnage and dry bulk demand. The full unwind of excess supply is likely to take some time and an increase in layup and demolition for the older vessels will be needed to correct the imbalance. In recent weeks freight rates have recovered somewhat, as measured by the increase in the Baltic Dry Index from its historic low in February 2016, and we are seeing increasing interest for investment in the sector.

Nevertheless, market weakness presents opportunities to build our business and we are selectively hiring experienced brokers to build our global reach in the Dry Bulk sector.

Sale and Purchase

Our sale and purchase team operates out of London, Singapore, Beijing and Shanghai. The team achieved a strong performance with second-hand activity in the Dry Cargo market particularly strong. This was predominantly driven by the oversupply of tonnage and pressure on ship owners to sell. However, the opposite was true in the Tanker market as higher charter rates limited owners' desire to sell vessels.

The shipping markets are subject to regulation to standardise best practice, preserve the marine environment and reduce global warming gas emissions. We anticipate that the increased regulation will lead to more investment in fleet renewal and an acceleration of demolition of certain ships which will be replaced with new designs. However the timing of this activity is currently uncertain.

Revenue

£70.7m

+32%

Divisional operating profit

£9.7m

+73%

Employees by location

Europe 48%

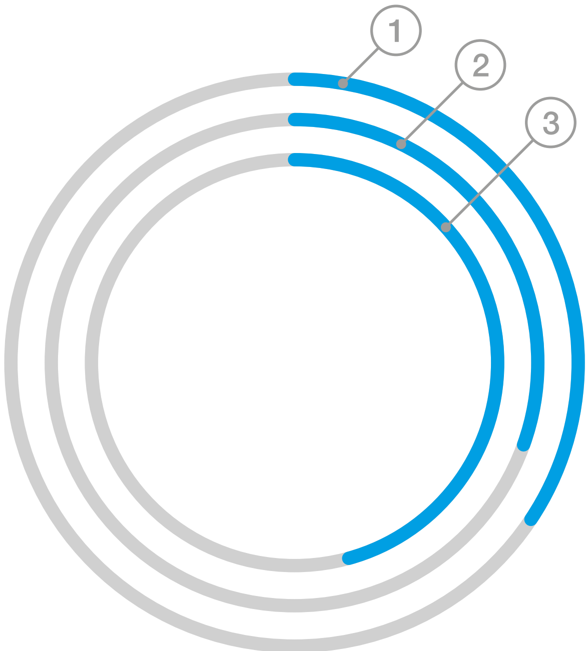
Asia Pacific 47%

USA 4%

Other 1%

Review of operations
Technical

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



Key
1. Revenue 34%
2. Underlying operating profit 31%
3. Employees 46%

Services

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

The division reported revenue up 9% on the prior year at £54.3 million, mainly as a result of strong growth in Braemar Engineering. Operating profit at £5.2 million was lower reflecting margin pressure and lower activity in the Offshore market.

Braemar Offshore

The fall in oil price resulted in markedly lower exploration and construction activities in the offshore energy sector as oil companies seek to reduce their own costs. A number of forecast large projects have either been shelved or delayed and many existing projects have been scaled down. Despite the challenging market environment, Braemar Offshore performed relatively well due to a pro-active approach to retain existing business and by expanding its service offering. The highly skilled and versatile staff employed across the eight offices in the Far East region have been key to this.

Braemar Engineering

Braemar Engineering continued to benefit from its market-leading position in the LNG sector and reported a strong result in 2015/16 based on both marine and shore-based LNG consulting for long-term investment programmes. The team in the UK progressed with a major three-year project for the design, site supervision and crew training for six LNG ("liquefied natural gas") carrier newbuildings. The project has now delivered five of the six vessels with the final vessel due for completion in mid-2016. The office in Houston has also seen solid growth from its involvement in a significant project aimed at supplying LNG to vessels for use as bunker fuel. At the end of 2015, we announced our exclusive involvement in the development of a new cost-effective technology for the containment of LNG.

Braemar Adjusting

Braemar Adjusting was also affected by reduced activity in the oil and gas sector. Output from the four US shale basins declined with construction projects and major field development being postponed or experiencing significant regulatory delay. The active worldwide drilling fleet also reduced significantly during the last year, impacting all oil & gas service industries. However, over the last few years management took several strategic decisions which have helped build and shelter the business. These were to establish a strong presence in the Middle East, expand North American operations and to diversify the business to include refining, petrochemical, power and mining as well as upstream oil and gas. The business continues to recruit and develop staff and focus on growing its market share through the current market cycle to position the business for the future.

Braemar incorporating the Salvage Association

Braemar incorporating the Salvage Association performed well in the year against a backdrop of fewer casualty claims. Although the number of surveys undertaken was lower than the previous year an increase in the number of consultancy assignments, project cargo surveys and complex Hull & Machinery cases contributed to a higher level of revenue. This increase reflects our desire to expand the business into new areas of Marine Consultancy. The business has a wide network of offices and the performance across the different locations varied with an improvement in the Middle East and Americas offset by lower level activity in the South East Asian region where trading conditions are challenging. We also increased our workforce with both traditional and new skillsets which underlines our commitment to growth, supporting our global client base and maintaining the technical standards of our staff.

Braemar Howells

Despite the challenges faced in most marine and offshore oil sectors, Braemar Howells operated at a similar activity level to the prior year and achieved a higher operating profit due to cost savings flowing from a restructuring at the end of the previous financial year. The results benefited from a number of projects including a project to handle bitumen and the removal of the wreck of a vessel off the Pembrokeshire Coast. The business prides itself on the core skill of providing a 24/7 global incident response service, applying the Company's specialist knowledge and expertise as required. The International arm of the business currently operates in West and Central Africa, providing environmental consultancy and the hire of offshore drilling oil spill support packages.

Revenue

£54.3m

+9%

Divisional operating profit

£5.2m

-17%

Employees by location

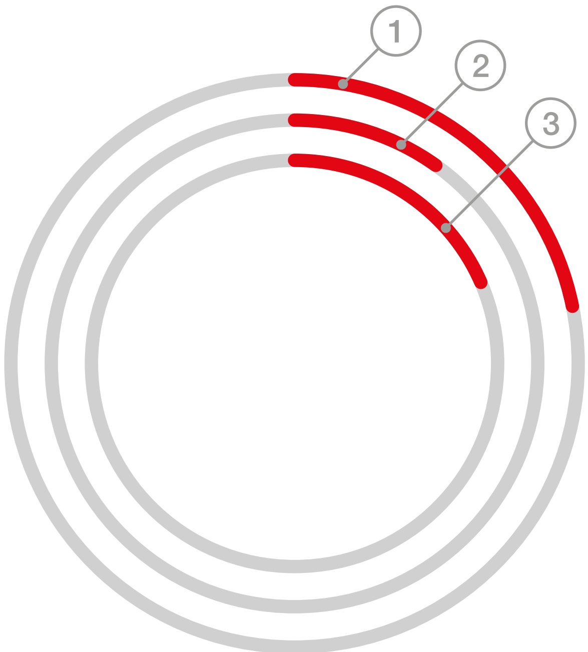
Asia Pacific 43%

Europe 32%

Americas 18%

Africa/Middle East 7%

Review of operations
Logistics



Key
1. Revenue 22%
2. Underlying operating profit 10%
3. Employees 19%

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

Services

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

Cory Brothers had a challenging year reflecting the tough Ship Agency and Logistics markets. Our strategy has been to focus on higher value work together with geographic expansion into European and US markets. We aim to provide clients with exceptional customer service while targeting regional and industry-specific growth opportunities.

Port Agency

The Ship agency business services UK ports, the port of Singapore, and has expanded into North America serviced from a new office in Houston. The agency business also has joint arrangements with many worldwide agency partners most notably in Brazil, Amsterdam and Gibraltar. Our Global Hub business continues to grow through our blue chip customer base. The underlying UK port agency market has been difficult, but our market share has increased and ship numbers have been maintained. Markets continue to be challenging but there are signs of improvement in 2016. We are seeking to build our UK market share in the coming year as well as continuing to grow the Global Hub business and our presence in North America.

Forwarding and Logistics

Cory Logistics revenue fell in 2015-16 due to delays to major infrastructure project cargoes and the impact of lower activity in the Oil and Gas markets. We were able to sustain our position in key business areas through growth in new services as well as the existing contract business. This was achieved despite a market backdrop of volatile freight rates. The introduction of new Logistics teams in Houston, Atlanta and Singapore have provided new opportunities of growth.

Revenue

£34.1m
-19%

Divisional operating profit

£1.6m
-31%

Employees by location

Europe
90%

Asia Pacific
6%

USA
4%

Financial review

Our diversified portfolio delivers financial stability in changing times.

Summary Income Statement

	2016 £'000	Restated 2015 £'000	2014 £'000
Revenue	**159,125**	145,601	125,531
Cost of sales	**(33,365)**	(37,700)	(31,758)
Operating costs	**(109,329)**	(93,749)	(82,252)
Divisional operating profit – before central costs	**16,431**	14,152	11,521
Unallocated costs	**(2,673)**	(2,621)	(2,238)
Operating profit before exceptional and acquisition-related items	**13,758**	11,531	9,283
Non-recurring and acquisition-related items	**(3,445)**	(5,948)	(432)
Operating profit	**10,313**	5,583	8,851

Divisional highlights

	2016 £'000	Restated 2015 £'000	2014 £'000
Shipbroking			
Revenue	**70,699**	53,589	40,866
Divisional operating profit	**9,653**	5,588	2,635
Operating profit margin	**13.7%**	10.4%	6.4%
Employee numbers[i]	**334**	327	286[i]
Technical			
Revenue	**54,283**	49,646	45,748
Divisional operating profit	**5,201**	6,289	6,905
Operating profit margin	**9.6%**	12.7%	15.1%
Employee numbers[i]	**444**	410	385
Logistics			
Revenue	**34,143**	42,366	38,917
Divisional operating profit	**1,577**	2,275	1,981
Operating profit margin	**4.6%**	5.4%	5.1%
Employee numbers[i]	**189**	192	223

(i) Average annual equivalent number of employees.

Overview

Group revenue grew by 9.3% to £159.1 million, although the split of revenue across the three divisions has changed compared to last year. Revenue in Shipbroking has increased, primarily due to a full twelve months of results for the enlarged Shipbroking division. The Technical division reported higher revenue than last year, but revenue from Logistics decreased due to the lower level of revenue from freight forwarding.

Operating profit margin has improved significantly in the Shipbroking division due to the improved business efficiency and economies of scale. The margin in the Technical division has reduced due to a changing mix of business within the division. The operating profit margin of the Logistics division has also reduced partly due to costs associated with establishing the new offices in the US and partly due to extended project lead times.

Non-recurring and acquisition-related items

Non-recurring costs largely relate to the completion of the integration of the Shipbroking businesses.

Intrinsically linked to the acquisition of ACM was a share plan that was put in place to retain key staff. The cost of this share plan is categorised as acquisition-related expenses and the charge in the year was £1.6 million (2014/15: £0.8 million). This charge will be approximately £1.6 million in 2016/17 and after that will reduce as the share awards start to vest. Finally, a charge of £1.1 million (2014/15: £1.8 million) has been incurred in relation to the amortisation of intangible assets arising from the acquisition of ACM as well as acquisitions from previous years.

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. The level of cost of sales has reduced in the year in the forwarding and liner business within the Logistics division due to a lower level of activity, but this has been partly offset by a higher level of direct costs in the Technical businesses. The level of operating costs in the year is higher than last year and partially due to the full year impact of costs in the combined Shipbroking business compared to only seven months of costs in the previous year. The level of costs has also increased in the Technical division following successful recruitment and retention of staff in Braemar incorporating the Salvage Association and Braemar Engineering.

Central costs increased slightly during the year as a result of the increased size of the Group as well as non-recurring costs incurred in the first half associated with Group Board changes.

Finance costs

The net finance cost for the year of £0.4 million (2015: £0.3 million cost) reflects the cost of working capital and the term facilities required to complete the ACM merger.

Balance sheet

Net assets at 29 February 2016 were £107.3 million (2015: £104.3 million). The balance sheet is comparable to last year and there have been no significant capital transactions during the year. Net working capital is also at a similar level to last year but against an increase in business volumes, demonstrating our drive to improve cash conversion.

Borrowings and cash

At the balance sheet date, the Group has bank facilities of £15 million comprising a revolving facility of £10 million and an amortising term loan of £5 million that is repayable at £450,000 each quarter. At the end of the year the Group had net cash of £9.2 million (2015: £7.2 million) made up of £11.5 million of cash and £2.3 million of drawings of the facility.

The normal pattern of cash for the Group is for the second half of the year to show higher cash generation than the first half when the majority of staff bonuses are paid and the final dividend is paid to shareholders.

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

Retirement benefits

The Group has a defined benefit pension scheme which is closed to new members. The scheme has a net liability of £1.2 million (2015: £1.5 million) which is recorded on the balance sheet at 29 February 2016. The current level of scheme specific funding is a cash contribution of £0.45 million annually.

Foreign exchange

The US dollar exchange rate relative to sterling moved by 10% in the year from US$1.55/£1 at the start of the year to US$1.39/£1 at the end of the year. A significant proportion of the Group's revenue is earned in US dollars and the movement of the exchange rate has had a positive impact on earnings. However, the Group has maintained its treasury policy during the year to mitigate the full impact of the movement in the US dollar and at the end of the year held US$31 million of forward cover at an average rate of US$1.477/£1.

Taxation

The Group's effective tax rate in relation to continuing operations in 2015/16 was 23.9% (2015: 25.9%). The rate is higher than the UK standard rate of corporation tax of 20% largely due to the effect of disallowed expenses, the effect of tax deducted on repatriating cash from overseas and higher overseas corporate tax rates. The Group's profits are spread across a number of jurisdictions with both higher and lower corporate tax rates.

Earnings per share

Underlying earnings per share have increased 7.5% to 34.70 pence and enables a dividend cover for the full year of 1.3 times.

Global greenhouse gas emissions data

We are not a significant producer of greenhouse gas emissions. Two of our businesses hold ISO 14000 environmental accreditation.

In accordance with the requirements of the Greenhouse Gas Emissions (Directors' Reports) Regulations 2013 we have made a calculation of Scope 1 and Scope 2 emissions based on our consumption of greenhouse gas for the year ended 29 February 2016. The result of this calculation is compared with last year in the table below. The difference in overseas electricity measure is as a result of different guidelines on the conversion of Kwh to CO_2e, rather than in the underlying Kwh.

Environmental aspect

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

Louise Evans FCA
Finance Director
13 May 2016

Resources and relationships

A people business

Our people

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

The link between employees' performance and that of the Group is encouraged, where appropriate, through participation in an annual discretionary bonus linked to value delivery and share option schemes including deferred share awards and Save As You Earn Schemes.

The Group seeks to provide a fair and professional work-place for all of its employees and has invested significant sums establishing high-quality combined offices across the globe. We are also committed to ensuring high professional standards which are achieved partly through the application of Group-wide employment policies which cover equal opportunities, bullying, harassment and whistleblowing. The Group aims to provide equal opportunities for all employees so that they can work without discrimination on the grounds of race, religious or political beliefs, marital status, age, gender, sexual orientation or disability. We also aim to ensure that people from any background or gender have equal access to employment, training and career progression opportunities and we strive to select individuals on merit. The code of conduct that we operate under is summarised in seven core values:

People – Our people are the most important part of our business and the key to our success.
Culture – We provide a culture that embodies excellence, inspires, motivates and provides the vehicle to excel at all levels.
Clients – We are innovators, continually focused on quality, cost and providing services that meet our clients' needs.
Integrity – We work with integrity and pride. We do the right thing at the right time.
Risk – We understand risk and seek to manage it for the betterment of our Group and our clients
Environment – We care about the environment and take steps to reduce our impact and that of our contractors
Safety – We care about the safety of our people, of our contractors and of our clients.

As at 29 February 2016, there were six Directors of Braemar Shipping Services plc, five of which were male. Out of 978 staff in the Group, 26% are female. Senior management female representation is limited and includes one Executive Group and Operating Board member.

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

We recognise that staff in our Technical and Logistics divisions operate in higher risk environments and each of these divisions employs full time, health and safety professionals specialising in their respective areas of business. Both Braemar Howells 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 disciplined approach ensures that risks to which staff and contractors are exposed are reduced to a minimum possible without:

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

Client relationships

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

Our shipbrokers are focused on serving and developing their client base which is both diverse and international. It includes major ship owners, operators and yards as well as energy companies, miners, banks, traders and other financial institutions. The increase of major principals in the Far East and USA over recent years has shaped the development of our Shipbroking division and we have increased the number of staff based in the Far East and US offices.

The client base for technical services is similarly diverse and includes many overlapping sectors. Energy companies, insurers and P&I clubs are the largest clients in this sector. Our environmental business keeps in touch with those who may require their services in an emergency.

Our Logistics and Shipbroking client bases overlap especially in the tanker markets. In addition, we provide freight forwarding and project management services to major multinationals which require logistics solutions.

Our reputation and brand

We have brought the acquired businesses under the Braemar brand, though we have retained the positive historic associations with the brands "Cory Brothers" and the "Salvage Association" both of which have more than 100 years of presence in their markets. We continue to cultivate the Braemar brand and its association with expertise, trust, reliability and ethical conduct across its wide range of service areas.

Developing and managing these positive brand attributes are key to our strategic objective of building our scale and standing out in a fragmented market-place. In the current year our two Technical businesses located in the City of London were brought together into one office with a common "Braemar" office style.

Our knowledge management

We are developing global, proprietary processes and procedures across our chosen markets to manage the information capture and flows which allows us to provide our clients with know-how, experience and proven techniques to match our advice to their requirements.

This is supported by comprehensive market information and bespoke analytical research and modelling and forecasting which enables us to provide a competitive advantage to our clients.

Our ethical footprint

The Group is committed to undertaking business to the highest standards and has clear ethical guidelines on anti-bribery and corruption. These are issued to all Group companies and compliance is monitored on a regular basis. We provide ongoing training and support for staff on a rolling basis. Compliance with these ethical guidelines is monitored by the Audit Committee and through the Group's internal audit procedures.

We operate from offices across the globe and we support a number of charitable causes many of which are concerned with maritime causes. We continue to provide support for young people who wish to embark upon a career in the maritime industries through support for students at universities studying maritime courses.

Principal risks and uncertainties

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

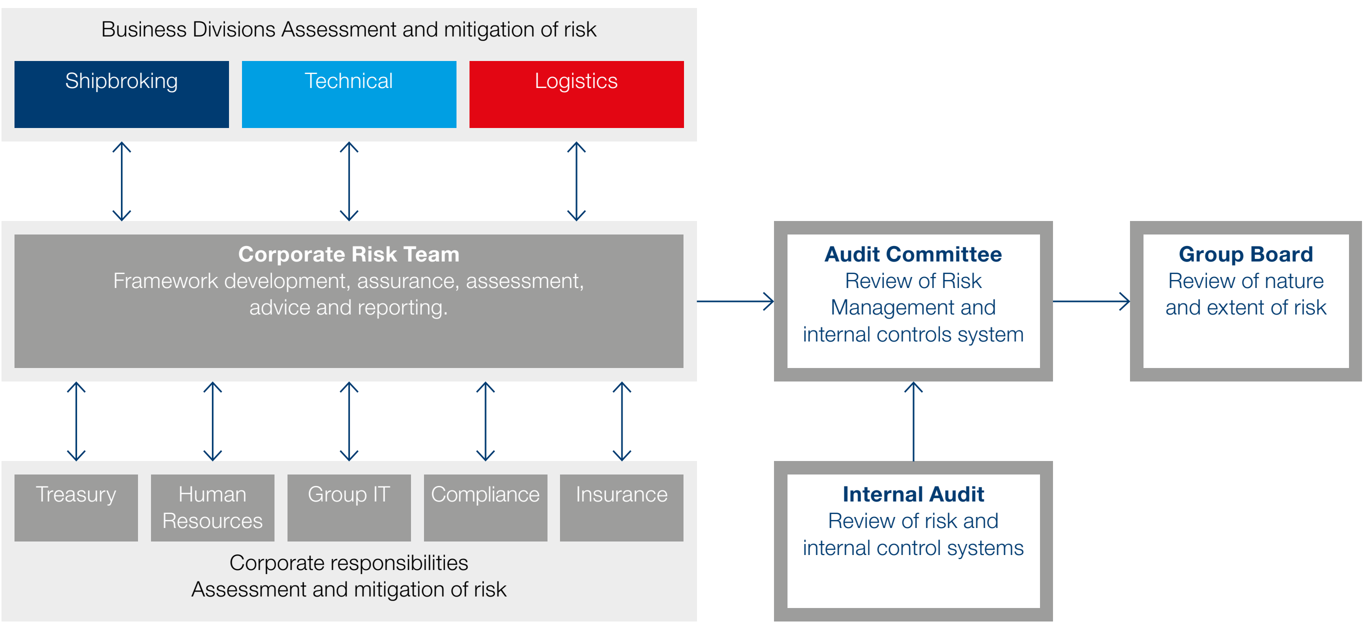
Responsibility for the identification and management of risk (including monitoring and updating) is delegated to the business unit managing directors within the Shipbroking, Technical and Logistics divisions. In addition, we gather specific expertise on specialist areas such as insurance, IT, human resources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

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

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

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.

Corporate Risk Framework



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

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

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

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

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

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 is then assessed. By definition these unmitigated risks can be significant but the risk levels fall after taking account of our control processes and management actions.

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

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

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

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

Principal risks

Staff and cost structure

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
Key Staff Succession/reliance on key people in some businesses.	Business value and earnings could be lost if key people leave.	Ongoing focus across all businesses on succession to key personnel.	Succession and individual career path planning carefully managed at business unit, divisional and Group level.	Pre Post
Staff retention The ability to retain the most important staff in the business.	If the best staff leave, they could take "their" business with them resulting in a loss to the Group.	Develop a culture of loyalty and growth with a focus on staff development and team motivation. Market competitive remuneration packages. Market competitive bonus structure. Equity-based awards as a part of the annual bonus scheme. Staff contractual terms.	Continue development of a culture of loyalty/growth as well as maintaining competitive remuneration packages.	Pre Post

Principal risks and uncertainties
continued

Principal risks

Commercial, worldwide and external forces

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
Downturn in market conditions All our businesses are subject to global forces where each market has its own drivers.	A downturn in the world economy would result in lower activity and lower rates. Lower oil prices and increased oil production has significantly benefited Shipbroking Tanker chartering but has had a negative impact on businesses operating in the offshore market.	The Group's strategy of diversification on a sector and geographic basis.	Continued monitoring to ensure that appropriately structured and costed teams are located across all divisions and geographies.	Pre Post
Competition Risk of increased competition across all our businesses.	Competitor poaching of teams or cutting rates. The risk of new market entrants operating at pricing aimed at capturing market share. Customer consolidation. Changes in the insurance market whereby underwriting decisions move to local markets.	Retaining high-calibre teams and continuing to provide a high-quality service and working environment.	Promotion of the Braemar corporate brand, continuing to pursue experienced staff and seeking acquisition opportunities.	Pre Post

Financial

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
Currency exposure A considerable amount of our income is earned from US$ denominated transactions, while most of our costs are in GBP, Sing$ and Aus$.	The Group remains exposed to US$ fluctuation.	FX movements are monitored and short-term hedging is in place over a twelve-month period.	Ongoing application of the Group Treasury Policy including roll-out of hedging to cover other operating units in Singapore and Australia.	Pre Post
Liquidity risk and control of working capital Variability in the profile of cash over time and across divisions and geographies, and repatriation of cash to the UK.	Debt collection and our exposure are important. All borrowing facilities are currently with one UK financial institution whilst a significant amount of funds is held outside the UK, mostly in Asia Pacific. Funds need to be continually repatriated back to the UK to enable the Group to operate within its UK banking covenants.	Continued working capital monitoring across the Group. Senior management intervention to assist in recovery of debtors. Maintenance of a Treasury Management system on a Group-wide basis to monitor cash positions worldwide and coordinate cash repatriation to the UK.	Continued focus on working capital in all divisions. Continued implementation of the Group Treasury policy. Regular cash repatriation required from overseas to the UK to reduce UK borrowings and fund Group dividends and debt servicing. Change in key banking relationships to facilitate overseas treasury pooling.	Pre Post

Principal risks

Professional conduct

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
Reputational risk Damage to the Braemar corporate brand due to a professional error/mistake. Non-compliance with the Bribery Act. Inadvertent dealing with sanctioned companies/countries by inexperienced staff.	The Braemar brand could be damaged and business lost.	Increased emphasis upon Group compliance and risk. No part of the Group is so significant or remote that senior management are unaware of actions of their staff. Group corporate structure. Group management carry out site visits and Internal Audits on a regular cycle.	Continue close management monitoring of activities of all staff through the internal control framework to manage key risks including: – Financial risks – Operational risks – Legislative risks – Reputational risks.	Pre Post
Claims from errors and omissions All divisions deal with high-value client assets so any error could result in a loss and potentially a significant claim.	Potential financial loss from a specific error or omission that could lead to legal action and/or loss of reputation.	Contractual terms and conditions. Review of non-standard contracts. Insurance cover. Staff training. Appropriate corporate structure.	Maintain insurance cover whilst continuing ongoing corporate review to ensure most appropriate and efficient structures and processes are in place.	Pre Post

IT and communications

Description of risk	Summary of implication	Control/mitigating actions	Management actions	Risk level pre- and post-mitigation
Loss of critical services Loss of critical services and/or data resulting in the business being unable to operate for an extended period of time leading to reputational issues, loss of revenue and inability to pay suppliers and staff.	Deliberate cyber-attack on Braemar causing major interruption to IT and communications services. Opportunist attacks that affect the organisation due to poor security or employee awareness, malware or virus attacks.	Security protection. Disaster Recovery Services. Offsite data backups. Security Awareness Training.	Continued improvement in IT systems to improve security, regularly complete penetration testing and strengthening of Group awareness.	Pre Post

Internal audit

The Group's internal audit function is explained in the Corporate Governance section on page 35 and follows a risk-based review process taking into account the results of the Group's annual risk assessment.

Going concern

The Group has a strong balance sheet and continues to be cash generative. The Directors believe that it is well positioned to successfully manage its risks. The Directors have a reasonable expectation that the Company and Group have adequate resources to continue to trade for the next twelve months and for this reason they continue to adopt the going concern basis in preparing the financial statements.

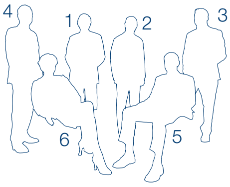
Viability Statement

In accordance with the 2014 UK Corporate Governance Code ("the Code"), the Directors have assessed the prospects of the Group over a period of three years, which they believe is an appropriate period based on the Group's current financial position, budgets and forecasts, strategy, principal risks and exposure to potentially volatile market forces. The Directors, in conjunction with the Group finance team, have completed a robust testing of this assessment and, taking account of this, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

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

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

Board of Directors



Non-executive Directors

1. David Moorhouse CBE, FNI (69)
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 and a life member of the UK's Foundation for Science and Technology.

Current external appointments: Trustee Director of Trafalgar House Trustees Limited, Director of Maritime London, Director of OAO Sovcomflot and a Director of James Fisher & Sons plc. Life member of the Foundation of Science and Technology.

2. Alastair Farley (70)
Non-executive Director, Senior Independent Director and Chairman of the Audit Committee

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

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

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

3. Jürgen Breuer (50)
Non-executive Director

Committee memberships: Chairman of the Remuneration Committee.

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

Current external appointments: Baltic Bau companies and Heinrich-Heine-Garten Binz GmbH.

4. Mark Tracey (52)
Non-executive Director

Committee memberships: Member of the Audit Committee.

Background and relevant experience: Around 30 years' experience in the healthcare industry from Paribas Ltd and Goldman Sachs where he was Co-Head of Global Healthcare Equity Research. He joined the Board of ACM Shipping Group plc in 2012 and the Board of Braemar Shipping Services plc in 2014.

Current external appointments: Arkle Associates LLP.

Executive Directors

5. James Kidwell FCA (54)
Chief Executive

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

Current external appointments: None.

6. Louise Evans FCA (42)
Group Finance Director

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.

Current external appointments: Trustee Treasurer of Infertility Network UK (a registered charity).

Corporate Governance Statement

Chairman's introduction

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

The Board endorses the principles and provisions set out in the Code issued by the Financial Reporting Council. This statement, together with the Directors' Remuneration Report on pages 39 to 50, describes how the Board and its sub-committees operate and how the Company has applied the Code during the year ended 29 February 2016.

David Moorhouse CBE, FNI
Chairman
13 May 2016

Compliance

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

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

Shareholder relations

The Board recognises the importance of maintaining good communications with shareholders. 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 results of the Group. Feedback on shareholder meetings is provided via the Group's corporate stockbroker and public relations adviser. Corporate announcements are made available on the Group's website.

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

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

Leadership

The Board

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

The Board carried out a review of its composition during 2014/15 and, following the Annual General Meeting on 24 June 2015, David Moorhouse CBE succeeded Sir Graham Hearne as Chairman. At the same time Timothy Jaques, Denis Petropoulos and Johnny Plumbe retired from the Board and Martin Beer stepped down as Group Finance Director and was replaced by Louise Evans. The Board now comprises an independent non-executive Chairman, a Chief Executive, a Group Finance Director and three independent non-executive Directors. The Board believes the current composition is appropriate having regard to the Company's size and activities.

The non-executive Directors, none of whom has fulfilled an executive role within the Company, are appointed for an initial three-year term subject to annual re-election at the Annual General Meeting. David Moorhouse CBE chairs the Board and Nominations Committee; Alastair Farley is the Senior Independent Non-executive Director and chairs the Audit Committee and Jürgen Breuer chairs the Remuneration Committee.

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

- Group strategy;
- Group budget;
- major capital expenditure, disposals or leasing arrangements;
- choice of key corporate advisers;
- acquisitions and disposals;
- Group financial and treasury policy including dividends and borrowing;
- establishing Board committees and setting their terms of reference; and
- internal control arrangements.

On an ongoing basis, the Board receives reports on business activities from the senior management of a division or a business manager.

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

Number of meetings in 2015/16: 8	
	Attended
Non-executive Directors	
David Moorhouse CBE	8/8
Jürgen Breuer	8/8
Alastair Farley	8/8
Mark Tracey	8/8
Sir Graham Hearne CBE	3/3
Timothy Jaques	3/3
Executive Directors	
Louise Evans	5/5
James Kidwell	8/8
Martin Beer	3/3
Denis Petropoulos	3/3
Johnny Plumbe	3/3

Board committees

The Board has three standing committees, Audit, Nominations and Remuneration. Each of the Board committees comprises solely non-executive Directors. The composition and responsibilities for the Audit, Nominations and Remuneration Committees are set out in each of the committee reports, on pages 36, 38 and 39, respectively. The Remuneration Committee Report on pages 39 to 50 is incorporated into this Statement by reference.

Effectiveness

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

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 will retire at this year's AGM and seek re-election annually by shareholders.

Accountability

The Board is responsible for assessing the Company's position and prospects and for ensuring that the information presented to shareholders is fair, balanced and understandable. Further details of the Directors' responsibilities for preparing the Company's financial statements are set out in the statement of Directors' responsibilities on page 52.

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

Risk management and internal control

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

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

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 29 to 31.

Ethical conduct and anti-bribery measures

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

Internal audit

The Group's internal audit function is a risk-based review process, whereby senior financial managers from within the business conduct an audit of one of the Group's activities for which they have no managerial responsibility. The programme is coordinated by the Group Treasurer who presents the Group internal audit plan and reports to the Audit Committee. The Committee is responsible for ensuring that the internal audit programme is met and recommendations are actioned. The Directors have reviewed the effectiveness of the Group's system of internal control throughout the year.

Corporate Governance Statement
continued

Report of the Audit Committee

Alastair Farley
Chairman of the Audit Committee

Number of scheduled meetings in 2015/16: 3

	Attended
Alastair Farley	3/3
Mark Tracey	3/3
Jürgen Breuer	2/2
David Moorhouse CBE(i)	1/1

(i) Retired from Committee on 24 June 2015.

Non-executive Directors: Alastair Farley (Chairman), Mark Tracey, Jürgen Breuer (appointed 24 June 2015), David Moorhouse CBE (retired 24 June 2015).

Terms of reference
The Committee's terms of reference can be found on our website www.braemar.com. They have been reviewed during the year to reflect changes in corporate governance best practice.

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

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

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

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

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

Significant issues

During the year ended 29 February 2016, the significant issues which we have considered are as follows:

Annual Report

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

The primary areas of judgement that we considered for the year ending 29 February 2016 were:

- the assumptions underlying the testing for impairment of the Group's goodwill and intangible assets. The Committee reviewed the results of the Group's annual review for impairment which included the goodwill arising from the acquisition of ACM Shipping Group plc and which showed that there is no impairment and after considering reasonable stress testing concluded that significant headroom existed;
- the basis of revenue recognition policy where the Group's entitlement to revenue is dependent on completion of third parties' obligations. The Committee considered the approach taken and policy applied and concluded that there were no material variances at 29 February 2016; and
- the level of provision for the impairment of trade receivable balances. We believe that the Group's policy of providing for trade receivables over twelve months old, unless there is good reason not to, is currently appropriate. Good reason can include making a provision for amounts less than twelve months old if there is a risk of non-recovery, but also not making a provision for amounts over twelve months old if there is compelling evidence not to do so. The policy was reviewed and the Committee discussed and challenged the composition of the provision with executive management. There are no material variances to the policy at 29 February 2016.

Other areas

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

- increasing the scope of the Group's internal audit programme and changing the focus so that every location in the Group is visited at least every three years and the reviews planned each year take a risk based approach based on the annual risk assessment process;
- a review of the Group's IT strategy and approach to cyber security including risk of data loss, back-up and service reinstatement procedures, standardised infrastructure environments and remote staff working protocols;
- a review of Group-wide insurance coverage taking account of the variety of professional services provided by the three divisions;
- consideration of the requirements to assess and report on Group viability in accordance with the 2014 UK Corporate Governance Code;
- a review of the Group's anti-bribery and corruption procedures as well as the Group's approach to complying with international sanctions. The ongoing training programme that is provided to staff across the Group on all relevant legislation and compliance is an ongoing process and we continue to develop this education plan. This plan is supported by our intranet-based Braemar Management Framework which underpins this as well as other core Group controls;
- agreeing the audit scope and related audit fee for the year with the external auditors. We put the audit out for tender in 2010 and this resulted in a change of audit firm and the appointment of KPMG LLP. We will have to put the audit out for tender by 2020 and are considering the exact timing of this with regard to the rotation of audit partner in 2017 and the cessation of a three-year fee agreement this year;
- 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 85% of the total fees and we consider the current level of audit fees acceptable. The proportion of non-audit fees last year was distorted by work related to the Group's Class 1 acquisition of ACM. KPMG LLP confirmed they consider themselves independent;
- ongoing review of the Group Treasury Policy and the management of the Group debt facilities; and
- consideration of the risks associated with the widespread and large number of small entities and locations that exist in the Group and the lower level of controls that naturally exist due to fewer number of employees. Our internal audit programme and Braemar Management Framework referred to above seek to address this and provide an underlying structure to build controls and processes.

Alastair Farley
On behalf of the Audit Committee
13 May 2016

Corporate Governance Statement
continued

Report of the Nominations Committee

David Moorhouse CBE
Chairman of the Nominations Committee

Number of scheduled meetings in 2015/16: 1

	Attended
David Moorhouse CBE[(i)]	1/1
Alastair Farley	1/1
Jürgen Breuer	0/0
Mark Tracey	0/0
Sir Graham Hearne CBE	1/1
Timothy Jaques	1/1

(i) David Moorhouse CBE succeeded Sir Graham Hearne as Chairman of the Nominations Committee on 24 June 2015.

Non-executive Directors: David Moorhouse CBE (Chairman), Alastair Farley, Mark Tracey, Jürgen Breuer (appointed 24 June 2015), Sir Graham Hearne CBE (retired 24 June 2015) and Timothy Jaques (retired 24 June 2015).

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

The main role of the Nominations Committee is to consider the composition of the Board and to plan and carry out appropriate succession as deemed necessary. We also review the re-appointment of non-executive Directors at the expiration of their letter of engagement. During the year David Moorhouse CBE succeeded Sir Graham Hearne CBE as Chairman of the Nominations Committee.

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

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

Following the successful completion of the integration of Braemar and ACM, the Committee assessed the composition of the Board and reduced the number of members from ten to six. The current Board comprises a Chairman, a senior independent non-executive director, two independent non-executive directors, a chief executive and a finance director. The Committee believes this to be an appropriate structure for the future of the Group.

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

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

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

David Moorhouse CBE
On behalf of the Nominations Committee
13 May 2016

Directors' Remuneration Report

Annual Statement by the Chairman of the Remuneration Committee

Jürgen Breuer
Chairman of the Remuneration Committee

Number of scheduled meetings in 2015/16: 4

	Attended
Jürgen Breuer[(i)]	4/4
Alastair Farley	4/4
Mark Tracey[(ii)]	2/2
David Moorhouse CBE[(iii)]	2/2

(i) Jürgen Breuer succeeded David Moorhouse CBE as Chairman of the Remuneration Committee on 24 June 2015.
(ii) Mark Tracey joined the Remuneration Committee on 24 June 2015.
(iii) David Moorhouse CBE stepped down from the Remuneration Committee on 24 June 2015.

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

Our remuneration philosophy

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

– Market competitive. The 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 in the broking business.
– Aligned to shareholders. We align long-term reward with the long-term value of our shares through share ownership guidelines and share-based remuneration.

Competing for talent

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

As a UK listed company, we also aim to adhere to key principles of best practice on corporate governance and executive remuneration. As a result, the remuneration framework for our executive Directors (codified in the Remuneration Policy approved by shareholders at the 2014 AGM) is aligned to key best practice principles in the UK.

At the same time, we compete for talent in a highly competitive global market which, in some areas, dictates particular remuneration structures and practices which we need to adopt to compete for such talent. For example, in the shipbroking industry, it is established custom and practice for a substantial proportion of overall remuneration to be driven directly from profit sharing arrangements, on an uncapped basis, with a relatively low level of fixed remuneration. The Committee considers the flexibility in our Remuneration Policy to apply such arrangements where appropriate is critical for our ability to compete for talent and is fully in the best interests of our shareholders.

Directors' Remuneration Report
continued

Incentive outcomes for 2015/16

- James Kidwell and Louise Evans participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of their basic salary (for Louise Evans and Denis Petropoulos this was pro-rata to their period of Board service for 2015/16). For 2015/16 the Committee decided that the performance metric should be attributable to earnings per share. The Committee set the earnings per share hurdle for the EPS element of the executive Directors' annual bonus at 26 pence, with the maximum award for the EPS element being triggered at 40 pence. The reported earnings per share from continuing operations of 34.70 pence adjusted to exclude exceptional items and amortisation of intangible assets have been used for the performance assessment producing an excess over the threshold hurdle of 8.7 pence. This resulted in annual bonus outturns of 62% of the maximum. Two-thirds was paid in cash and one-third is payable in deferred shares vesting in three years' time.
- Based on performance over the three years ending 28 February 2015, the LTIP awards made to James Kidwell and Martin Beer in October 2012 did not meet the minimum performance condition over the three-year vesting period and lapsed on 30 October 2015.
- No LTIP awards vested this year.

Approach to 2016/17

- Following a review of the executive Directors' fixed remuneration the Committee believes it appropriate to increase the base salary for Louise Evans to reflect her experience and performance compared to the relevant market rate.
- The Committee introduced a cash pension supplement of £52,000 for James Kidwell in lieu of the Company making a contribution to his pension.
- The fees of the non-executive Directors will be increased to reflect the increase in the size and complexity of the Company. The last increase was in 2013.
- LTIP awards equivalent to 100% of basic salary will be granted to James Kidwell and Louise Evans. These awards will be based on EPS growth over a three-year period, requiring stretching performance of 13% per annum for maximum vesting.

Structure of the report

The report has been prepared in two sections:

1) The Remuneration Policy (pages 41 to 44). This includes, for information purposes, details of the remuneration policy which was approved by shareholders at the 2014 AGM; and
2) The Annual Report on Remuneration (pages 45 to 50) which sets out the details of how our remuneration policy was implemented during 2015/16 and how it will be implemented in 2016/17. This will be put to an advisory shareholder vote at our 2016 AGM.

Jürgen Breuer
Chairman, Remuneration Committee
13 May 2016

Remuneration Policy

The Remuneration Committee is not proposing to make any changes to the remuneration policy approved by shareholders at the 2014 AGM. The policy is shown for information.

Policy Table for executive Directors

Base salary

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide an element of fixed remuneration as part of a market competitive remuneration package to attract and retain the calibre of talent required to deliver the Group's strategy.	Base salaries are determined by the Committee, taking into account: – skills and experience of the individual; – size, scope and complexity of the role; – market competitiveness of the overall remuneration package; – performance of the individual and of the Group as a whole; and – pay and conditions elsewhere in the Group. Base salaries are normally reviewed annually with changes effective from the start of the financial year. Base salaries for 2016/17 are set out on page 45 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 and income protection insurance. Where relevant, other benefits to reflect specific individual circumstances, such as housing, relocation, travel, or other expatriate allowances may also be provided. Executive Directors may also participate in the Company's Save As You Earn (SAYE) scheme on the same basis as other employees and subject to statutory limits.	Benefit provision, for which there is no prescribed monetary maximum, is set at an appropriate level for the specific nature and location of the role.	None.

Pension

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 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.	All executive Directors (other than those participating in the Brokers' Bonus) are eligible to participate in the Annual Bonus at the discretion of the Committee each year. The performance measures and targets are determined annually by the Committee to reflect prevailing Group financial and strategic objectives. Payout levels are determined by the Committee after year end based on performance against targets set at the start of the year. The Committee retains discretion to adjust bonus payments to reflect the overall performance of the Group. A portion of the Annual Bonus will be deferred into shares, subject to a malus provision, under the Deferred Bonus Plan ("DBP"), described in more detail in the section below. Clawback provisions will also apply as explained on page 44.	100% of base salary.	The majority of the Annual Bonus will be based on Group financial performance. The Committee may also include performance measures and targets to reflect: – Group strategic or operational objectives; – targets specific to a subsidiary company or section of the Group (if applicable to an executive Director); and – individual objectives.

Brokers' Bonus

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide a bonus structure and opportunity for executive Directors who undertake broking activities and which directly aligns reward with broking profitability delivered for the Group. Deferral into shares strengthens long-term alignment with shareholders.	Only executive Directors who principally undertake broking activities are eligible to participate in the Brokers' Bonus at the discretion of the Committee each year. Individuals who participate in the Brokers' Bonus cannot participate in the Annual Bonus in respect of the same financial year. The Brokers' Bonus is calculated as a percentage of the profits generated in respect of the year through broking activities of the desk or reporting unit. A portion of the Brokers' Bonus will be deferred into shares, subject to a malus provision, under the DBP, described in more detail on page 44. Clawback provisions will also apply as explained on page 44.	The aggregate Brokers' Bonus "pool" for all employees across the Group is funded by broking profitability. In line with market practice for the Company's peers, there is no cap on individual Brokers' Bonus awards.	The Brokers' Bonus is directly aligned to the profits generated by broking activities.

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. All executive Directors are eligible to participate each year at the discretion of the Committee. Awards of shares are made at the discretion of the Committee and can be made in the form of nil-cost options, conditional shares, or, where appropriate, the cash equivalent. Any shares that vest may benefit from the value of dividends which would have been paid (if any) during the period between award and exercise. Awards under the 2014 LTIP will be subject to a malus provision, as described in more detail on page 44. The Plan rules provide for adjustments in certain circumstances, for example, awards may be adjusted in the event of variation of the Company's share capital, demerger, special dividend or similar event.	The usual maximum award opportunity in respect of a financial year is 100% of base salary. However, in circumstances that the Committee considers to be exceptional, awards of up to 200% of base salary may be made.	Vesting is based on the achievement of performance targets set in respect of key financial performance measures (currently earnings per share for current executive Directors). Where relevant to an executive Director, vesting may be based, in whole or in part, on measures specific to the performance of a subsidiary company or section of the Group. 25% vests for threshold performance.

Directors' Remuneration Report
continued

Bonus deferral
A portion of the Annual Bonus and Brokers' Bonus awards will be deferred into shares under the Deferred Bonus Plan ("DBP"). Such awards will vest, unless the Committee determines otherwise, after three years from the date of grant, subject to continued employment with the Group (with provisions for individuals who leave the Group set out in the table on page 42).

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

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

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

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

Clawback
- The Annual Bonus is subject to a clawback provision such that (i) in circumstances of a material re-statement of any financial results of the Company which takes place within three years of the payment of an amount under the plans, or (ii) the discovery of facts, within three years of the payment of an amount under the plans, which would have entitled the Company to have summarily dismissed the recipient without notice, the Committee has discretion to require the repayment of some or all of the amount received. In 2015/16 the Committee introduced a right to clawback vested LTIP awards in circumstances where there is a material re-statement of the financial results within two years or discovery of facts which could have entitled the Company to have summarily dismissed the Director without notice.

Service contracts and letters of appointment
The current executive Directors have rolling service contracts that provide for a notice period by either party. The notice period ranges between 6-12 months. The Company may terminate the executive Director's contract by making a payment in lieu of notice of the unexpired notice period equivalent to a value comprising of salary, pension and contractual benefits. There is no provision in any of the service contracts of the executive Directors for any ex-gratia payments.

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

The Chairman and non-executive Directors are appointed pursuant to a letter of appointment. The policy is that non-executive Directors are appointed for an initial term of three years which may be extended for further three-year periods on the recommendation of the Nominations Committee and with the Board's agreement 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 29 February 2016
Executive		
James Kidwell	20 June 2012	12 months
Louise Evans	5 May 2015	6 months
Non-executive		
David Moorhouse CBE	4 July 2014	1 month
Alastair Farley	4 July 2014	1 month
Jürgen Breuer	25 July 2014	1 month
Mark Tracey	25 July 2014	1 month

Annual Remuneration Report

Implementation of the Policy for 2016/17

This section sets out details of how the Committee intends to apply the Policy to the current executive Directors in the 2016/17 financial year.

Base salary

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

	2016/17 £'000	**2015/16 £'000**	Change
James Kidwell	350	**350**	0%
Louise Evans(i)	225	**200**	12.5%

(i) Joined the Board 24 June 2015.

Annual bonus

The annual bonus for James Kidwell and Louise Evans will be based on EPS performance for the year.

LTIP

LTIP awards to James Kidwell and Louise Evans in 2016/17 will be made at the level of 100% of salary. These will be subject to the following EPS performance targets, measured over the three-year period ending in 2018/19:

EPS growth over the three years to 2018/19	Vesting
Less than 5% per annum	0%
5% per annum	25%
13% per annum, or higher	100%

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

Chairman and non-executive Directors' fees

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

	2016/17 £'000	**2015/16 £'000**	Change
Chairman fee	120	**100**	+20%
Non-executive Director fee	42.5	**35**	+21%
Audit Committee chair fee	10	**10**	0%
Remuneration Committee chair fee	7.5	**10**	-25%

Directors' Remuneration Report
continued

Implementation in 2015/16
This section sets out details of the remuneration outcomes in respect of the year ended 29 February 2016. Those sections that have been audited have been identified below.

Single total figure of remuneration for 2015/16 (audited)
This section sets out details of the remuneration outcomes in respect of the year ended 29 February 2016. Those sections that have been audited have been identified below.

The remuneration of the executive Directors in respect of 2015/16 is shown in the table below (with the prior year comparative).

	Base salary		Benefits(ii)		Pension(iii)		Annual Bonus(iv)		LTIP(v)		Total	
£'000	**2015/16 £'000**	2014/15 £'000	**2015/16 £'000**	2014/15 £'000	**2015/16 £'000**	2014/15 £'000	**2015/16 £'000**	2014/15 £'000	**2015/16 £'000**	2014/15 £'000	**2015/16 £'000**	2014/15 £'000
James Kidwell	**350**	350	**9**	7	**–**	–	**218**	192	**–**	–	**577**	549
Louise Evans(viii)	**167**	–	**2**	–	**25**	–	**104**	–	**–**	–	**298**	–
Martin Beer(vii)	**77**	237	**1**	4	**–**	–	**–**	130	**–**	–	**78**	371
Denis Petropoulos(i)	**77**	230	**31**	70	**–**	–	**–**	126	**–**	–	**108**	426
Johnny Plumbe(vi)	**57**	105	**1**	2	**–**	–	**–**	30	**–**	–	**58**	137

(i) Denis Petropoulos resigned from the Board on 24 June 2015 and therefore the 2015/16 amounts reflect his period of service as an executive Director of the Group. His base salary is paid in Singapore dollars.
(ii) Benefits include healthcare, life assurance and income protection insurance. For Denis Petropoulos, it also includes a housing allowance and additional foreign insurance cover while based in Singapore.
(iii) Pension includes the value of pension contributions to the Company's defined contribution pension scheme in respect of the relevant year. Denis Petropoulos does not participate in any pension arrangement.
(iv) Annual Bonus represents the full value of the Annual Bonus awarded in respect of the relevant financial year. One-third is deferred into shares which vest after three years, subject to continued employment.
(v) LTIP represents the value of the LTIP award which vests in respect of a performance period ending in the relevant financial year. The 2014/15 column shows a value of zero in respect of the 2012 LTIP award which lapsed in full as the performance targets measured to 2013/14 were not met. The 2015/16 column shows a value of zero as no LTIP was award granted in 2013.
(vi) Johnny Plumbe resigned from the Board on 24 June 2015 and therefore the 2015/16 amounts reflect his period of service as an executive Director of the Group. The 2014/15 amounts reflect his period of service after being appointed to the Board on 25 July 2014.
(vii) Martin Beer resigned from the Board on 24 June 2015 and therefore the 2015/16 amounts reflect his period of service as an executive Director of the Group. His deferred bonus shares fully vested on his cessation of employment.
(viii) Louise Evans commenced employment with the Group on 5 May 2015 and was appointed to the Board on 24 June 2015. The 2015/16 amounts reflect her period of service from 5 May 2016.

The fees of the non-executive Directors in respect of 2015/16 are shown in the table below (with the prior year comparative).

	Fees	
	2015/16 £'000	2014/15 £'000
David Moorhouse CBE(i)	**82**	45
Alastair Farley	**45**	45
Jürgen Breuer(ii)	**42**	21
Mark Tracey	**35**	21
Sir Graham Hearne CBE(iii)	**33**	100
Tim Jaques(iii)	**12**	21
John Denholm(iv)	**–**	21

(i) Appointed as Chairman to the Board on 24 June 2015. The 2015/16 amounts reflect this.
(ii) Became Chairman of Remuneration Committee on 24 June 2015. The 2015/16 amounts reflect this.
(iii) Retired from the Board 24 June 2015. The 2015/16 amounts reflect this.
(iv) Retired from the Board 4 July 2014. The 2014/15 amounts reflect this.

Payments to past Directors (audited)
None.

Payments for loss of office (audited)
None.

Annual bonus for 2015/16 (audited)
James Kidwell and Louise Evans participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of their basic salary (for Louise Evans this was pro-rata to her period of service for 2015/16). For 2015/16 the Committee decided that the performance metric should be attributable to earnings per share. The Committee set the earnings per share hurdle for the EPS element of the executive Directors' annual bonus at 26 pence, with the maximum award for the EPS element being triggered at 40 pence. The reported earnings per share from continuing operations of 34.70 pence adjusted to exclude exceptional items and amortisation of intangible assets have been used for the performance assessment producing an excess over the threshold hurdle of 8.7 pence. This resulted in annual bonus outturns of 62% of the maximum. Two-thirds was paid in cash and one-third is payable in deferred shares vesting in three years' time. This amount is shown in the "single total figure of remuneration" table above.

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

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

EPS growth over the three years to 2014/15	Vesting
Less than RPI plus 4% per annum	0%
RPI plus 4% per annum	50%
RPI plus 10% per annum, or higher	100%

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

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

No LTIP awards were due to vest in 2014/15.

2015 LTIP award – granted during 2015/16 (audited)

In June 2015 awards under the 2014 LTIP were made as shown in the table below.

Director	Type of award	Face value of the award at grant	Vesting at threshold (% of maximum)	Performance period
James Kidwell	LTIP	100% of salary	25%	1 March 2015 – 28 February 2018
Louise Evans	LTIP	50% of salary	25%	1 March 2015 – 28 February 2018
Denis Petropoulos	LTIP	100% of salary	25%	1 March 2015 – 28 February 2018

EPS growth over the three years to 2018/19	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.

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 29 February 2016. This shows that James Kidwell has met the shareholding guideline. Louise Evans has yet to meet the guideline but was appointed in June 2015 and is therefore within the five-year time scale to meet the guideline.

	Number of shares beneficially held at 29 February 2016	Shareholding as % of salary	Guideline met?
Executive Directors			
James Kidwell	114,625	143%	Yes
Louise Evans	–	–%	No
Non-executive Directors			
David Moorhouse CBE	–		
Alastair Farley	13,366		
Jürgen Breuer	11,000		
Mark Tracey	20,425		

Shareholding as a percentage of salary is calculated using the shareholding and base salary shown in the single total figure of remuneration table and the average share price for the final quarter of 2015/16.

Directors' Remuneration Report
continued

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

	Awards held at 1 Mar 2015	Grant date	Share price on grant £	Granted	Exercised/ released	Lapsed	Awards held at 29 Feb 2016	Exercise price £	From	To
James Kidwell										
2012 SAYE	3,321	1 Feb 12	3.26	–	3,321	–	–	2.71	1 Feb 15	1 Jul 15
2015 SAYE	–	1 Aug 15	4.62	2,235	–	–	2,235	4.21	1 Aug 18	1 Feb 19
2012 LTIP	75,000	30 Oct 12	4.07	–	–	75,000	–	–	30 Oct 15	30 Oct 22
2014 LTIP	67,178	15 Aug 14	5.21	–	–	–	67,178	–	14 Aug 17	14 Aug 24
2015 LTIP	–	23 Jun 15	4.80	73,684	–	–	73,684	–	23 Jun 18	23 Jun 25
2012 DBP	31,541	8 May 12	3.16	–	31,541	–	–	–	8 May 15	8 May 22
2013 DBP	17,440	14 May 13	3.93	–	–	–	17,440	–	14 May 16	14 May 23
2014 DBP	5,179	22 May 14	5.20	–	–	–	5,179	–	22 May 17	22 May 24
2015 DBP	–	22 Jun 15	4.75	12,923	–	–	12,923	–	22 June 18	22 June 25
Louise Evans										
2015 LTIP	–	23 Jun 15	4.80	21,052	–	–	21,052	–	23 Jun 18	23 Jun 25
Martin Beer(i)										
2013 SAYE	2,676	1 Aug 13	4.23	–	–	2,676	–	3.36	1 Aug 16	1 Jan 17
2012 LTIP	55,000	30 Oct 12	4.07	–	–	55,000	–	–	30 Oct 15	30 Oct 22
2014 LTIP	45,489	14 Aug 14	5.21	–	–	–	45,489	–	14 Aug 17	14 Aug 24
2013 DBP	4,666	14 May 13	3.93	–	–	4,666	–	–	14 May 16	14 May 23
2014 DBP	3,232	22 May 14	5.20	–	–	3,232	–	–	22 May 17	22 May 24
Denis Petropoulos(ii)										
2012 SAYE	3,308	1 Aug 12	3.44	–	3,308	–	–	2.73	1 Aug 15	1 Jan 16
2014 LTIP	44,145	14 Aug 14	5.21	–	–	–	44,145	–	14 Aug 17	14 Aug 24
2015 LTIP	–	23 Jun 15	4.80	48,421	–	–	48,421	–	23 Jun 18	23 Jun 25
2012 DBP	31,541	8 May 12	3.16	–	–	–	31,541	–	8 May 15	8 May 22
2013 DBP	12,444	14 May 13	3.93	–	–	–	12,444	–	14 May 16	14 May 23
2014 DBP	3,232	22 May 14	5.20	–	–	–	3,232	–	22 May 17	22 May 24
2015 DBP	–	22 June 15	4.75	8,492	–	–	8,492	–	22 June 18	22 June 25

(i) Martin Beer retired from the Board on 24 June 2015. His grant of award under the 2014 LTIP will continue and vest on the normal vesting date. The number of shares in respect of which the award vests will be determined by the Board in its discretion.
(ii) Denis Petropoulos retired from the Board on 24 June 2015. Interests in incentive awards to this date are shown above.

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

- 2012 LTIP. 50% vesting for EPS growth equal to RPI plus 4% per annum rising on a straight-line basis for 100% vesting for EPS growth equal to RPI growth equal to RPI plus 10% per annum.
- 2014 and 2015 LTIP. 25% vesting for EPS growth of 5% per annum rising on a straight-line basis for 100% vesting for EPS growth of 13% per annum.

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

Supporting disclosures and additional context

Percentage change in remuneration of the CEO

The year-on-year percentage change in the salary of the CEO as shown in the single figure of remuneration table is 0%. The change in the benefits and annual bonus of the CEO was 29% and 13.5%. The equivalent figures for salary/benefits and bonus for all Group employees are 5% and 33%, respectively.

Relative importance of spend on pay

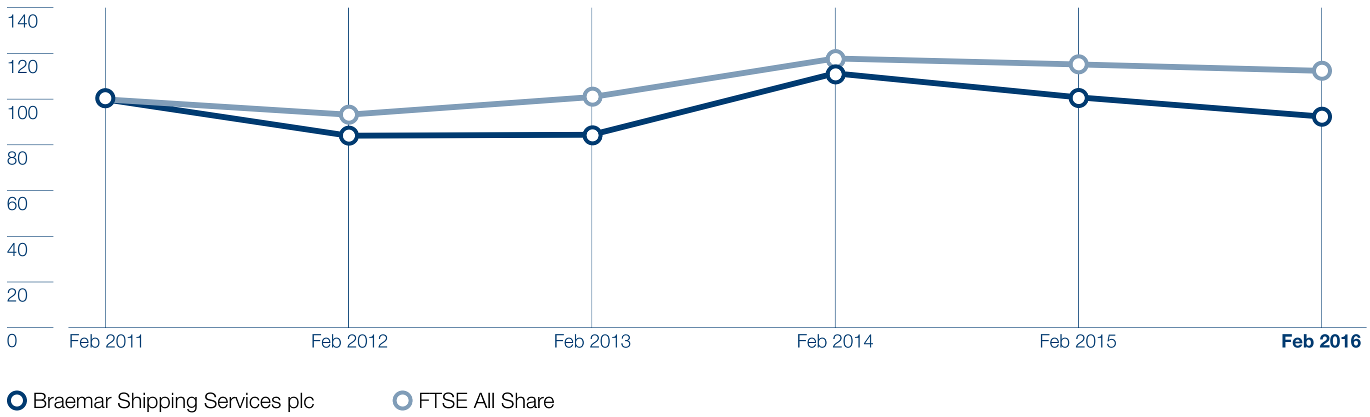
The chart below shows total employee remuneration and distributions to shareholders, in respect of 2015/16 and 2014/15 (and the difference between the two).

	2015/16 £ million	2014/15 £ million	Change (%)
Total employee remuneration[i]	**86.5**	74.9	16%
Distributions to shareholders	**7.6**	6.2	21%

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

Performance graph and table

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



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

	2015/16 £'000	2014/15 £'000	2013/14 £'000	2012/13 £'000	2011/12 £'000
CEO	James Kidwell	James Kidwell	James Kidwell	James Kidwell/Alan Marsh[i]	Alan Marsh
Single total figure of remuneration	577	549	438	662	550
Annual Bonus[ii] (% of base salary)	60%	55%	23%	87%	9%
LTIP vesting (% of maximum)	0%	0%	0%	0%	N/A[iii]

(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

Consideration of Directors' remuneration – Remuneration Committee and advisers
The Remuneration Committee is comprised solely of non-executive Directors and comprises Jürgen Breuer as Chairman, Alastair Farley and Mark Tracey.

The Committee has agreed Terms of Reference which set out its authority and responsibilities, which include:

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

In discharging these responsibilities the Committee may call for information and advice from advisers inside and outside the Group. During 2015/16, the Committee took advice from the Chairman of the Board, the Chief Executive and the Finance Director who attended by the invitation of the Committee but did not participate in any discussions regarding or affecting their own remuneration.

The Committee has sought advice from Deloitte LLP during 2015/16 in respect of the review of Executive and Non-Executive Directors fixed remuneration and fees. Fees of £5,000 were charged by Deloitte LLP for the provision of independent advice to the Committee. Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is comfortable that the Deloitte LLP engagement partner and team, that provide remuneration advice to the Committee, do not have connections with Braemar Shipping Services plc that may impair their objectivity and independence. Deloitte LLP provided no other services to the Group during the financial year.

Statement of voting at Annual General Meeting
At the Annual General Meeting held on 24 June 2015, votes cast by proxy and at the meeting in respect of Directors' remuneration are shown in the table.

	Votes for		Votes against			
Resolution	#	%	#	%	Total votes cast	Votes withheld
Approval of Remuneration Report for year ending 28 February 2015	8,796,498	99.56	39,067	0.44	8,835,565	374,092

Jürgen Breuer
Chairman, Remuneration Committee
13 May 2016

Directors' Report

for the year ended 29 February 2016

Statutory information

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

- Results and dividends on pages 1 to 25
- Likely future developments in the business of the Company or its subsidiaries on pages 1 to 25
- Greenhouse gas emissions on page 25
- Employee relations and equal opportunities on pages 26 and 27 and page 38
- Indication of branches outside the United Kingdom in Braemar at a glance on page 3
- Corporate Governance Statement on pages 34 to 38.

Management Report

This Directors' Report, on pages 51 and 52, together with the Strategic Report on pages 1 to 31, form the Management Report for the purposes of DTR 4.1.5R.

Amendment of Articles of Association

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

Change of control – significant agreements

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

Political contributions

There were no political contributions during the year (2015: £nil).

Share capital and voting rights

During the year ended 29 February 2016 the Company issued 130,609 (2015: 218,299) new shares pursuant to the exercise of employee share options. During the year ended 28 February 2015 the Company issued 8,093,610 in relation to the acquisition of 100% of the share capital of ACM Shipping Group plc.

At 29 February 2016 the total issued ordinary share capital was 30,113,927 shares of 10 pence each. All of the Company's shares are fully paid up and quoted on the London Stock Exchange plc's Official List. The rights and obligations attaching to the Company's ordinary shares as well as the powers of the Company's Directors are set out in the Company's Articles of Association, copies of which can be obtained from Companies House, or by writing to the Company Secretary. There are no restrictions on the voting rights attaching to or the transfer of the Company's issued ordinary shares.

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

Purchase of own ordinary shares

The Directors are authorised to make market purchases of the Company's ordinary shares under an authority granted by the Annual General Meeting held on 24 June 2015. 100,000 shares (2015: 50,000) were purchased by the ESOP Trust during the year ended 29 February 2016. In accordance with ABI Investor Protection Guidelines, the maximum number of ordinary shares which may be acquired is 10% or less of the Company's issued ordinary shares as at 13 May 2016.

The Directors will seek the renewal of this authority at the 2016 Annual General Meeting in Resolution 14 in accordance with the Company's Articles of Association. The Directors have no immediate intention of exercising the authority but they will keep the matter under review. Purchases will only be made if they result in an expected increase in earnings per share and will take into account other available investment opportunities, appropriate gearing levels and the overall position of the Company. Any shares purchased in accordance with this authority will subsequently be cancelled. The total number of options to subscribe for shares that were outstanding as at 13 May 2016 was 415,457, being 1.4% of the issued share capital. If the authority to purchase shares is used in full, the proportion of issued share capital represented by this number of options would amount to 1.3%.

Directors and their interests

The Directors of the Company during the year and at the date of this report are shown on pages 32 and 33. The Directors' beneficial interests, including family interests in the shares of the Company at 29 February 2016, were as follows:

	29 February 2016	28 February 2015
David Moorhouse CBE	**–**	–
Alastair Farley	**13,366**	13,366
Jürgen Breuer	**11,000**	11,000
Mark Tracey	**20,425**	20,425
James Kidwell	**114,625**	111,304
Louise Evans (appointed 24 June 2015)	**–**	N/A
Sir Graham Hearne CBE (retired 24 June 2015)	**N/A**	2,500
Timothy Jaques (retired 24 June 2015)	**N/A**	6,450
Martin Beer (retired 24 June 2015)	**N/A**	–
Denis Petropoulos (retired 24 June 2015)	**N/A**	601,434
Johnny Plumbe (retired 24 June 2015)	**N/A**	446,164

Directors' interests in share options are set out on page 48.

The Directors, in common with other employees of the Group, also have an interest in 634,788 (2015: 688,746) ordinary 10 pence shares held by Kleinwort Benson (Channel Islands) Limited on behalf of the Employee Share Ownership Plan and in 125,621 (2015: 125,621) ordinary 10 pence shares held by Computershare Trustees (Jersey) Limited on behalf of the ACM Shipping Limited Employee Trust.

The Directors held no material interest in any contract of significance entered into by the Company or its subsidiaries during the period. There have been no changes in Directors' interests between 29 February 2016 and 13 May 2016.

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.

Directors' Report
continued

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

At 29 February 2016, the Directors have been notified or are aware of the following persons who directly or indirectly are interested in 3% or more of the issued ordinary share capital of the Company.

Barclays Stockbrokers Limited	4.41%
Artemis Investment Management LLP	4.20%
Quentin Soanes	4.06%
Chelverton Asset Management	3.98%
Liontrust Asset Management	3.90%
Charles Stanley & Co	3.82%
Alan Marsh	3.45%
Hargreaves Lansdown	3.31%
F&C Management Limited	3.21%

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

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

Financial instruments
The Group's financial risk management objectives and policies are set out in the Corporate Governance Statement on page 34 and in the Strategic Report on pages 29 to 31.

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

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

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

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

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

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

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

Each of the Directors, whose names and functions are listed on pages 32 and 33 confirm that, to the best of their knowledge:

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

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

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Directors' approval statement
The Strategic Report, as set out on pages 1 to 31, has been reviewed and approved by our Board of Directors.

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

Annual General Meeting
The 2016 Annual General Meeting of the Company will be held at 12pm on 30 June 2016 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. A separate document accompanying the Annual Report and Accounts contains the Notice convening the Annual General Meeting and a description of the business to be conducted thereat.

By Order of the Board

Alexander Vane FCA
Company Secretary
13 May 2016

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

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Braemar Shipping Services plc for the year ended 29 February 2016 set out on pages 56 to 93. 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 29 February 2016 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows:

(a) Recognition of Shipbroking revenue – £70,699,000 (2015: £53,589,000)

The risk	Our response
Refer to page 37 of the Audit Committee Report, note 1(c) and 1(d) of the accounting policies and note 2 to the financial statements. The Group’s Shipbroking division recognises commission revenue at a date which is dependent upon the completion of two or more independent third parties. Braemar has little control over when and if these parties fulfil their contractual obligations. Judgement is therefore required as to whether and when the third parties’ obligations have been fulfilled in order for commission revenue to be recognised in the appropriate period and therefore whether inclusion of revenue in the appropriate period has been appropriately applied.	Our audit procedures included: – testing a sample of Shipbroking transactions by agreeing the details of these transactions to the underlying contract and other supporting documentation for evidence of when both the third parties and the Group fulfilled their performance obligations; – agreeing that the revenue for the sample of transactions was appropriately recognised in the correct period in accordance with both the underlying documentation and the Group’s accounting policies for each type of Shipbroking transaction; and – considering the risk that counter parties have not completed their obligations by challenging the Directors’ assumptions or when or if to recognise revenue, taking account of their and our knowledge of industry developments.

(b) Recoverability of trade receivables and accrued income – £50,916,000 (2015: £49,508,000)

The risk	Our response
Refer to page 37 of the Audit Committee Report, note 1(c) and 1(k) of the accounting policies and note 18 to the financial statements. A significant portion of the Group’s trade receivables and accrued income are with customers that operate in the shipping, marine and offshore industries. The global shipping, marine and offshore industries continue to be affected by certain economic factors, such as low demand and oversupply of the global fleet. Many companies are experiencing continued financial stress. The Group has experience of both significant delays between issuing an invoice and receiving payment and non-payment of debts. Determining whether a trade receivable or accrued income balance is collectible involves a certain level of management judgement, including historical payment patterns and other information related to the current creditworthiness of the counterparty.	Our audit procedures included: – testing a sample of trade receivable and accrued income balances that have been provided against to determine the accuracy of judgements made by the Group. This testing included considering the age of the receivables or accrued income, customer payment history, and post year-end payments received by the Group; – analysing older receivable and accrued income balances that have not been provided for to determine whether there were any indicators of non-collectability which would require these receivables or accrued income to be provided against; – analysing changes in the prior year bad debt provision, in particular understanding how much of the provisions were utilised and how much was released in order to assess the appropriateness of the Group’s debt provisioning policy; – testing the accuracy of the data extracted from the Group’s accounting systems which is used in calculating the ageing of trade receivables and accrued income; and – we have also considered the adequacy of the Group’s disclosures about the degree of estimation involved in arriving at the provision.

In the prior year our assessment of risks of material misstatement also included acquisition accounting as during the year the Group acquired ACM Shipping Group plc.

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

continued

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £1.25 million (2015: £1.25 million), determined with reference to a benchmark of Group total revenue of £159.1 million (2015: £145.8 million), of which it represents less than 1% (2015: less than 1%). We consider revenue to be the most appropriate benchmark as it provides a more stable measure than profit before tax and it is the Directors' and external shareholders' principal metric of performance.

We report to the Audit Committee:

(i) all material corrected identified misstatements;

(ii) uncorrected identified misstatements exceeding £62,500 (2015: £62,500); and

(iii) other identified misstatements that warrant reporting on qualitative grounds.

Of the Group's 64 reporting components (2015: 64 reporting components), we subjected 19 (2015: 20) to audits for Group reporting purposes and 11 (2015: 8) to specified risk-focused audit procedures over revenue, trade receivables, cash and payroll expense. 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:

Total revenue

Audit
60% (2015: 64%)

Specified audit procedures
27% (2015: 20%)

Desktop procedures
13% (2015: 16%)

Profit before tax

Audit
69% (2015: 62%)

Specified audit procedures
14% (2015: 25%)

Desktop procedures
17% (2015: 13%)

Total assets

Audit
78% (2015: 52%)

Specified audit procedures
12% (2015: 22%)

Desktop procedures
10% (2015: 26%)

The remaining 13% (2015: 16%) of total Group revenue, 17% (2015: 13%) of Group profit before tax and 10% (2015: 26%) of total Group assets is represented by 34 reporting components (2015: 36 reporting components), none of which individually represented more than 2% of any of total Group revenue, Group profit before tax or total Group assets. For these remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these components and conducted desktop procedures of these components.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the materiality level of the components, which ranged from £500 to £1,000,000 (2015: £500 to £1,000,000), having regard to the mix of size and risk profile of the Group across the components. The work on six of the 30 in-scope components (2015: six of the 28 components) was prepared by component auditors and the rest by the Group team.

The Group audit team visited three components in the United States (2015: seven components in Singapore). Additionally, the Group team held several telephone conference meetings with both these and other component auditors in Singapore and Australia. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

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

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

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

– the Directors' Viability Statement on page 31, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over the three years to 28 February 2019; or
– the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

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

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

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

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

Under the Listing Rules we are required to review:

– the Directors' statements, set out on page 31, in relation to going concern and longer-term viability; and
– the part of the Corporate Governance Statement on page 34 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

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

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 52, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

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

13 May 2016

Consolidated income statement
for the year ended 29 February 2016

Continuing operations	Notes	29 Feb 2016 Underlying £'000	29 Feb 2016 Exceptional and acquisition-related items £'000	29 Feb 2016 Total £'000	28 Feb 2015 – Restated Underlying £'000	28 Feb 2015 – Restated Exceptional and acquisition-related items £'000	28 Feb 2015 – Restated Total £'000
Revenue	2	**159,125**	**–**	**159,125**	145,601	–	145,601
Cost of sales	3	**(33,365)**	**–**	**(33,365)**	(37,700)	–	(37,700)
Gross profit		**125,760**	**–**	**125,760**	107,901	–	107,901
Operating costs:							
Other operating costs		**(112,002)**	**–**	**(112,002)**	(96,370)	–	(96,370)
Acquisition-related expenses and amortisation	8	**–**	**(2,668)**	**(2,668)**	–	(3,738)	(3,738)
Non-recurring expenses	8	**–**	**(777)**	**(777)**	–	(7,619)	(7,619)
Gain on sale of property, plant and equipment	8	**–**	**–**	**–**	–	5,409	5,409
		(112,002)	**(3,445)**	**(115,447)**	(96,370)	(5,948)	(102,318)
Operating profit	2,3	**13,758**	**(3,445)**	**10,313**	11,531	(5,948)	5,583
Share of loss from joint ventures	16	**–**	**–**	**–**	(22)	(140)	(162)
Finance income	6	**45**	**–**	**45**	238	–	238
Finance costs	6	**(432)**	**–**	**(432)**	(531)	–	(531)
Profit before taxation		**13,371**	**(3,445)**	**9,926**	11,216	(6,088)	5,128
Taxation	7	**(3,198)**	**372**	**(2,826)**	(2,906)	719	(2,187)
Profit for the year		**10,173**	**(3,073)**	**7,100**	8,310	(5,369)	2,941
Loss for the year from discontinued operations	9	**–**	**(290)**	**(290)**	–	(356)	(356)
Profit for the year attributable to equity shareholders of the parent		**10,173**	**(3,363)**	**6,810**	8,310	(5,725)	2,585
Earnings per ordinary share							
Basic	11	**34.70p**		**23.23p**	32.28p		10.04p
Diluted	11	**31.53p**		**21.10p**	29.48p		9.17p

Consolidated statement of comprehensive income
for the year ended 29 February 2016

	Notes	**29 Feb 2016 £'000**	28 Feb 2015 £'000
Profit for the year		**6,810**	2,585
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial loss on employee benefit schemes – net of tax		**(296)**	(206)
Items that are or may be reclassified to profit or loss:			
Available for sale investments – net change in fair value		**–**	352
Foreign exchange differences on retranslation of foreign operations	27	**2,461**	1,309
Cash flow hedges – net of tax	27	**(937)**	(78)
Total comprehensive income for the year attributable to equity shareholders of the parent		**8,038**	3,962

Balance sheets

as at 29 February 2016

		Group		Company	
Assets	Notes	**As at 29 Feb 2016 £'000**	As at 28 Feb 2015 £'000	**As at 29 Feb 2016 £'000**	As at 28 Feb 2015 £'000
Non-current assets					
Goodwill	13	**76,912**	76,254	**–**	–
Other intangible assets	14	**2,684**	3,117	**–**	–
Property, plant and equipment	15	**5,104**	4,862	**–**	–
Investments	16	**1,537**	1,528	**107,730**	105,146
Deferred tax assets	7	**2,177**	1,548	**–**	–
Other long-term receivables	17	**355**	244	**30**	44
		88,769	87,553	**107,760**	105,190
Current assets					
Trade and other receivables	18	**58,135**	57,442	**6,035**	3,022
Cash and cash equivalents	20	**11,497**	16,289	**–**	–
		69,632	73,731	**6,035**	3,022
Total assets		**158,401**	161,284	**113,795**	108,212
Liabilities					
Current liabilities					
Derivative financial instruments	19	**1,233**	62	**–**	–
Trade and other payables	21	**43,020**	42,270	**23,477**	10,816
Short-term borrowings	22	**1,800**	6,800	**2,642**	6,931
Current tax payable		**1,640**	757	**–**	–
Provisions	23	**729**	1,273	**–**	–
		48,422	51,162	**26,119**	17,747
Non-current liabilities					
Long-term borrowings	22	**500**	2,300	**500**	2,300
Deferred tax liabilities	7	**430**	825	**–**	–
Provisions	23	**533**	1,242	**–**	–
Pension deficit	24	**1,211**	1,482	**–**	–
		2,674	5,849	**500**	2,300
Total liabilities		**51,096**	57,011	**26,619**	20,047
Total assets less total liabilities		**107,305**	104,273	**87,176**	88,165
Equity					
Share capital	25	**3,011**	2,998	**3,011**	2,998
Share premium	25	**52,314**	51,970	**52,314**	51,970
Shares to be issued	26	**(3,439)**	(3,611)	**(3,439)**	(3,611)
Other reserves	27	**26,474**	24,950	**21,742**	21,742
Retained earnings		**28,945**	27,966	**13,548**	15,066
Total equity		**107,305**	104,273	**87,176**	88,165

The accounts on pages 56 to 93 were approved by the Board of Directors on 13 May 2016 and were signed on its behalf by:

David Moorhouse CBE, FNI
Chairman

Louise Evans FCA
Finance Director

Cash flow statements

for the year ended 29 February 2016

	Notes	Group 29 Feb 2016 £'000	Group 28 Feb 2015 £'000	Company 29 Feb 2016 £'000	Company 28 Feb 2015 £'000
Cash flows from operating activities					
Cash generated from operations	28	**13,459**	7,259	**14,205**	7,004
Interest received		**45**	238	**2**	1
Interest paid		**(432)**	(531)	**(413)**	(529)
Tax paid		**(2,688)**	(3,534)	**–**	–
Net cash generated from operating activities		**10,384**	3,432	**13,794**	6,476
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired		**–**	(10,204)	**–**	(10,107)
Disposal of undertakings		**–**	(647)	**–**	331
Purchase of property, plant and equipment and computer software		**(2,098)**	(4,862)	**–**	–
Proceeds from sale of investments		**–**	800	**–**	–
Proceeds from sale of property, plant and equipment		**–**	9,573		–
Other long-term assets		**(111)**	(2)	**14**	(2)
Net cash used in investing activities		**(2,209)**	(5,342)	**14**	(9,778)
Cash flows from financing activities					
Proceeds from borrowings		**–**	14,839	**–**	14,839
Repayment of borrowings		**(6,800)**	(5,739)	**(6,800)**	(5,739)
Proceeds from issue of ordinary shares, excluding acquisitions		**357**	601	**357**	601
Dividends paid	10	**(7,648)**	(6,201)	**(7,648)**	(6,201)
Purchase of own shares		**(428)**	(228)	**(428)**	(228)
Net cash used in financing activities		**(14,519)**	3,272	**(14,519)**	3,272
(Decrease)/increase in cash and cash equivalents		**(6,344)**	1,362	**(711)**	(30)
Cash and cash equivalents at beginning of the period		**16,289**	13,694	**(131)**	(101)
Foreign exchange differences		**1,552**	1,233	**–**	–
Cash and cash equivalents at end of the period		**11,497**	16,289	**(842)**	(131)

Statements of changes in total equity
for the year ended 29 February 2016

Group	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2014	2,167	12,218	(2,934)	23,719	30,116	65,286
Profit for the year	–	–	–	–	2,585	2,585
Available for sale investments – net change in fair value	–	–	–	–	352	352
Actuarial loss on employee benefits schemes – net of tax	–	–	–	–	(206)	(206)
Foreign exchange differences	–	–	–	1,309	–	1,309
Cash flow hedges net of tax	–	–	–	(78)	–	(78)
Total recognised income in the year	–	–	–	1,231	2,731	3,962
Dividends paid	–	–	–	–	(6,201)	(6,201)
Issue of shares	831	39,752	(525)	–	–	40,058
Purchase of own shares	–	–	(228)	–	–	(228)
ESOP shares allocated	–	–	76	–	(76)	–
Credit in respect of share option schemes	–	–	–	–	1,331	1,331
Deferred tax on items taken to equity	–	–	–	–	65	65
At 28 February 2015	2,998	51,970	(3,611)	24,950	27,966	104,273
Profit for the year	–	–	–	–	6,810	6,810
Actuarial loss on employee benefits schemes – net of tax	–	–	–	–	(296)	(296)
Foreign exchange differences	–	–	–	2,461	–	2,461
Cash flow hedges net of tax	–	–	–	(937)	–	(937)
Total recognised income in the year	–	–	–	1,524	6,514	8,038
Dividends paid	–	–	–	–	(7,648)	(7,648)
Issue of shares	13	344	–	–	–	357
Purchase of own shares	–	–	(428)	–	–	(428)
ESOP shares allocated	–	–	600	–	(600)	–
Credit in respect of share option schemes	–	–	–	–	2,698	2,698
Deferred tax on items taken to equity	–	–	–	–	15	15
At 29 February 2016	**3,011**	**52,314**	**(3,439)**	**26,474**	**28,945**	**107,305**

Company	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2014	2,167	12,218	(2,934)	21,742	20,730	53,923
Loss for the year	–	–	–	–	(718)	(718)
Dividends paid	–	–	–	–	(6,201)	(6,201)
Issue of shares	831	39,752	(525)	–	–	40,058
Purchase of shares	–	–	(228)	–	–	(228)
ESOP shares allocated	–	–	76	–	(76)	–
Credit in respect of share option schemes	–	–	–	–	1,331	1,331
At 28 February 2015	2,998	51,970	(3,611)	21,742	15,066	88,165
Profit for the year	–	–	–	–	4,032	4,032
Dividends paid	–	–	–	–	(7,648)	(7,648)
Issue of shares	13	344	–	–	–	357
Purchase of shares	–	–	(428)	–	–	(428)
ESOP shares allocated	–	–	600	–	(600)	–
Credit in respect of share option schemes	–	–	–	–	2,698	2,698
At 29 February 2016	**3,011**	**52,314**	**(3,439)**	**21,742**	**13,548**	**87,176**

Notes to the consolidated financial statements

General information

Group and Company financial statements of Braemar Shipping Services plc for the year ended 29 February 2016 were authorised for issue in accordance with a resolution of the Directors on 13 May 2016. Braemar Shipping Services plc is a Public Limited Company incorporated in England and Wales.

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

1 Accounting policies

a) Basis of preparation and forward-looking statements

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

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

The financial statements have been prepared under the historic cost convention except for the derivative financial instruments and investments, which are measured at fair value.

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

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

New and amended standards adopted by the Group

The annual improvements (2011-2013) to existing standards which are mandatory for the Group for the first time for the financial year beginning on or after 1 March 2015 have had no material impact on the Group.

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

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2015 and not early adopted

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

- Amendment to IAS 19 regarding defined benefit plans
- Amendment to IFRS 11, "Joint arrangements" on acquisition of an interest in a joint operation
- Amendment to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets", on depreciation and amortisation
- Amendments to IFRS 10, "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures"
- IFRS 15 "Revenue from contracts with customers"
- IFRS 9 "Financial instruments"
- Amendments to IFRS 9, "Financial instruments", regarding general hedge accounting
- Amendment to IAS 1, "Presentation of financial statements" on the disclosure initiative.

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

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

b) Basis of consolidation

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

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

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

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

c) Use of estimates and critical judgements

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

A key judgement, not involving estimation, which the Group makes applies to its approach to revenue recognition particularly in respect of the assessments made regarding the appropriate timing of recognition of revenue. This can involve assessment of completion of third parties' obligations in order for commission or similar revenue to be recognised.

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

Notes to the consolidated financial statements
continued

1 Accounting policies continued

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

– Acquisition accounting: Following the acquisition of a business, the Group carries out a review to assess the fair value of the identifiable assets and liabilities acquired. This will include applying a level of judgement to understand any premium paid for a business represents as well as then carrying out a detailed calculation of fair values;
– Impairment of goodwill and other intangible assets: Goodwill is tested for impairment on an annual basis. However, the Group will also test for impairment at other times if there is an indication that an impairment may exist. Before carrying out a detailed review, the Directors will first make a judgement as to whether the impact is significant enough to perform a detailed calculation, taking into account their knowledge of the specific business unit and their experience of the market. Some of the critical assumptions applied when carrying out an impairment review are set out in Note 13;
– Provision for impairment of trade receivables: Ongoing judgements are required in assessing the appropriate level of impairment provision taking into account the age of the receivables and risk of the amounts not being recovered (see Note 18).

d) Revenue recognition

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

Revenue of the Group consists of:

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

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

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

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

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

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

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

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

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

e) Foreign currencies

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

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

Assets and liabilities of overseas subsidiaries, branches and associates are translated from their functional currency into pounds sterling at the exchange rates ruling at the balance sheet date. Trading results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of overseas subsidiaries are dealt with through the foreign currency translation reserve (see Note 27), whilst those arising from trading transactions are dealt with in the income statement. On disposal of a business, the cumulative exchange differences previously recognised in the foreign currency translation reserve relating to that business are transferred to the income statement as part of the gain or loss on disposal.

f) Taxation

The taxation expense represents the sum of the current and deferred tax.

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

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

g) Goodwill
Business combinations are accounted for using the purchase method.

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

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

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

ii) Research and development
The Group capitalises internally-generated development costs when it is able to demonstrate:

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

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

Research costs are expensed as incurred.

iii) Other intangible assets
Intangible assets acquired as part of a business combination are stated in the balance sheet at their fair value at the date of acquisition less accumulated amortisation and any provisions for impairment. The amortisation of the carrying value of the capitalised forward order book and customer relationships is charged to the income statement over an estimated useful life of two to ten years.

The carrying values of intangible assets are reviewed for impairment at least annually or when there is an indication that they may be impaired.

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

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

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

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

Investments where the Group has no significant influence are held at fair value with movements in fair value recorded in Other Comprehensive Income other than impairments which are recorded in the Income Statement.

Investments in the Company are shown at cost less impairment.

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

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

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

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

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

Notes to the consolidated financial statements
continued

1 Accounting policies continued

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

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

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

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

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

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

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

r) Pension scheme arrangements
The Group has both defined benefit and defined contribution plans.

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

ii) Defined benefit schemes
The Group acquired a defined benefit scheme as part of the acquisition of ACM Shipping Group plc with assets held separately from the Group. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial valuation method which measures the liability based on service completed and allowing for projected future salary increases and discounted at an AA corporate bond rate.

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

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

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

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

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

u) Segmental analysis
The Group's segmental analysis is based on its three business segments: Shipbroking, Technical and Logistics. This is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting.

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

v) Exceptional and acquisition-related items
Exceptional items are significant items of a non-recurring nature and considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's financial performance.

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

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

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

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

2 Segmental information

a) Business segments

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

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

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

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

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

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

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

The segment information provided to the Board for reportable segments for the year ended 29 February 2016 is as follows:

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

Notes to the consolidated financial statements
continued

2 Segmental information continued

2015	Shipbroking £'000	Restated Technical £'000	Logistics £'000	Central £'000	Restated Total £'000
Revenue	53,589	49,646	42,366	–	**145,601**
Divisional operating profit	5,588	6,289	2,275	(2,621)	**11,531**
Acquisition-related expenses and amortisation	(3,574)	(103)	(61)	–	**(3,738)**
Non-recurring items	(6,825)	(179)	(251)	(364)	**(7,619)**
Gain on sale of property, plant and equipment	5,409	–	–	–	**5,409**
Operating profit	598	6,007	1,963	(2,985)	**5,583**
Finance expense – net					**(293)**
Joint ventures					**(162)**
Profit before taxation					**5,128**
Taxation					**(2,187)**
Profit for the year from continuing operations					**2,941**
Capital additions	53,291	618	202	–	**54,111**
Depreciation of property, plant and equipment and amortisation of computer software	1,192	568	122	–	**1,882**
Segment operating assets	94,450	31,196	16,288	–	**141,934**
Segment operating liabilities	(21,448)	(5,838)	(19,062)	–	**(46,348)**

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

	Revenue		Capital additions		Non-current assets	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
United Kingdom	**99,260**	93,344	**2,538**	53,171	**75,894**	75,954
Singapore	**20,551**	19,831	**70**	86	**3,436**	3,271
Other Asia	**10,349**	9,815	**43**	29	**463**	465
Australia	**7,173**	8,297	**57**	348	**4,606**	4,224
Rest of the World	**21,792**	14,314	**226**	477	**656**	563
	159,125	145,601	**2,934**	54,111	**85,055**	84,477

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

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

3 Operating profit

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

This is stated after charging/(crediting):

	Notes	2016 £'000	2015 £'000
Cost of sales			
Freight and haulage		**22,285**	29,447
Payments to sub-contractors		**9,399**	4,855
Materials and other costs		**1,681**	3,398
		33,365	37,700
Recurring items			
Staff costs	4	**86,540**	74,888
Depreciation of property, plant and equipment	15	**1,540**	1,474
Amortisation of computer software	14	**573**	408
Operating lease rentals:			
– Land and buildings		**3,457**	2,288
– Other		**266**	267
(Profit)/loss on sale of property, plant and equipment		**–**	(209)
Net movements in bad debt provisions		**1,720**	1,469
Auditor's remuneration	5	**482**	736
Net foreign exchange (gains)/losses and financial instruments		**(524)**	428
Exceptional and acquisition-related items			
Acquisition-related expenses and amortisation	8,14	**2,668**	3,738
Restructuring costs	8	**777**	7,716
Gain on sale of leasehold property	8	**–**	(5,409)

4 Staff costs

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

	Notes	2016 £'000	Restated 2015 £'000
Salaries, wages and short-term employee benefits		**76,797**	66,671
Other pension costs (including defined benefit credit of £198,000)	24	**2,083**	2,262
Social security costs		**4,922**	4,346
Share-based payments	25	**2,698**	1,331
		86,500	74,610
Discontinued operations		**40**	278
		86,540	74,888

Staff costs in relation to the Directors and central support staff of £1,619,000 (2015: £1,639,000) were charged to the Company.

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

Notes to the consolidated financial statements
continued

4 Staff costs continued
b) Average number of full time employees

	2016 £'000	2015 £'000
Shipbroking	**334**	327
Technical	**444**	410
Logistics	**189**	192
Central	**9**	10
Total	**976**	939
Discontinued operations	**2**	5
Total	**978**	944

The Directors' remuneration is borne by Braemar ACM Shipbroking Limited and Braemar ACM Shipbroking Pte Limited.

c) Key management compensation
The remuneration of key management is set out below. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report on page 46. Key management represents the Directors of the Company.

	2016 £'000	2015 £'000
Salaries, short-term employee benefits and fees	**1,236**	1,607
Other pension costs	**25**	–
Share-based payments	**114**	122
	1,375	1,729
Number of key employees	**6**	10

Retirement benefits are accruing to one key management personnel (2015: none) in respect of a defined contribution pension scheme.

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

	2016 £'000	2015 £'000
Audit services		
– Fees payable to the Company auditor for audit of the Company and Group financial statements	**96**	122
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	**315**	269
– Other services pursuant to legislation	**22**	23
– Tax compliance services	**39**	52
– Tax advisory services	**10**	25
– Fees in relation to the merger with ACM Shipping Group plc	**–**	245
	482	736

All fees paid to the auditor were charged to operating profit in both years except for £35,000 of the fees in 2015 in relation to corporate transactions which was deducted from the share premium account.

6 Finance income and costs – net

	2016 £'000	2015 £'000
Finance income:		
– Interest on bank deposits	**45**	238
Total finance income	**45**	238
Finance costs:		
– Interest payable on bank loans	**(268)**	(445)
– Interest payable on overdrafts	**(164)**	(86)
Total finance costs	**(432)**	(531)
Finance (costs)/income – net	**(387)**	(293)

7 Taxation

a) Analysis of charge in year

	2016 £'000	2015 £'000
Current tax		
UK corporation tax charged to the income statement	**1,790**	1,582
UK adjustment in respect of previous years	**(120)**	(194)
Overseas tax on profits in the year	**1,432**	641
Overseas adjustment in respect of previous years	**30**	79
Total current tax	**3,132**	2,108
Deferred tax		
UK current year origination and reversal of timing differences	**(300)**	(301)
UK adjustment in respect of previous years	**56**	45
Overseas current year origination and reversal of timing differences	**(39)**	413
Overseas adjustment in respect of previous years	**(23)**	(89)
Effect of change of tax rate	**–**	11
Total deferred tax	**(306)**	79
Taxation	**2,826**	2,187

Reconciliation between expected and actual tax charge

	2016 £'000	2015 £'000
Profit before tax	**9,926**	5,128
Profit before tax at standard rate of UK corporation tax of 20% (2015: 21%)	**1,985**	1,077
Expenses not deductible for tax purposes	**962**	1,449
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	**(64)**	(196)
Joint venture expense not subject to UK tax	**–**	4
Prior year adjustments	**(57)**	(159)
Effect of change of tax rate	**–**	12
Total tax charge for the year	**2,826**	2,187

Notes to the consolidated financial statements
continued

7 Taxation continued

Tax on items charged to equity	2016 £'000	2015 £'000
Current tax debit/(credit) on exercised share options	**10**	(90)
Deferred tax credit on share options	**(15)**	39
Deferred tax (debit)/credit on cash flow hedges	**(234)**	(19)
Employee benefits	**74**	52
Other temporary differences	**–**	(88)
Effect of change of tax rate	**–**	5
Tax credit in the statement of changes in equity	**(165)**	(101)

Analysis of the deferred tax asset	As at 29 Feb 2016 £'000	As at 28 Feb 2015 £'000
Accelerated capital allowances (includes £341,000 (2015: £254,000) of overseas accelerated capital allowances)	**377**	774
Short-term timing differences (includes £586,000 (2015: £342,000) of overseas short-term timing differences)	**1,558**	478
Employee benefits (including £nil of overseas employee benefits)	**242**	296
	2,177	1,548

The movement in the deferred tax asset	2016 £'000	2015 £'000
Balance at beginning of year	**1,548**	1,644
Acquisition	**–**	560
Movement to income statement	**(3)**	(634)
Movement to reserves	**216**	(47)
Reclassification	**392**	–
Exchange differences	**24**	25
Balance at end of year	**2,177**	1,548

A deferred tax asset of £2,177,000 (2015: £1,548,000) has been recognised as the Directors believe that it is probable that there will be sufficient taxable profits in the future to recover the asset in full.

The closing deferred tax asset includes £16,000 (2015: £7,000) expected to reverse within the next 12 months of the balance sheet date.

b) Deferred tax liability

Analysis of the deferred tax liabilities	As at 29 Feb 2016 £'000	As at 28 Feb 2015 £'000
Short-term timing differences	**(430)**	(825)
	(430)	(825)

The movement in the deferred tax liability	As at 29 Feb 2016 £'000	As at 28 Feb 2015 £'000
Balance at beginning of year	**(825)**	(531)
Acquisitions	**–**	(940)
Movement to income statement	**309**	447
Amounts available for Group relief	**–**	115
Movement to reserves	**22**	58
Exchange differences	**64**	26
Balance at end of year	**(430)**	(825)

The closing deferred tax liability includes £67,000 (2015: £198,000) expected to reverse within the next 12 months of the balance sheet date.

No deferred tax has been provided in respect of temporary differences associated with investments in subsidiaries and interests in joint ventures where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and interests in joint ventures, for which a deferred tax liability has not been recognised, is approximately £3.4 million (2015: £2.8 million).

8 Exceptional and acquisition-related items

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

Acquisition-related expenditure	2016 £'000	2015 £'000
Costs directly incurred attributable to the acquisition of ACM Shipping Group plc	**–**	(1,190)
Amortisation charge of intangible assets	**(1,080)**	(1,772)
Group share retention plan directly attributable to the acquisition of ACM Shipping Group plc	**(1,588)**	(776)
	(2,668)	(3,738)

Restructuring costs		
Restructuring costs following the acquisition of ACM Shipping Group plc	**(777)**	(6,908)
Other restructuring costs	**–**	(711)
Restructuring costs – continuing operations	**(777)**	(7,619)
Other restructuring costs – discontinued operations	**–**	(97)
Total restructuring costs	**(777)**	(7,716)

Profit or loss on disposal of property, plant and equipment		
Profit on the sale of Leasehold premises	**–**	5,409

During the year the Group has charged £0.8 million to restructuring which largely relates to the completion of the integration of the Shipbroking businesses.

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

Notes to the consolidated financial statements
continued

9 Discontinued operations
During the year, the Group decided to close the Technical office in Rio de Janeiro, Brazil, thereby exiting the Group's presence in South America. As a consequence the results of this office for this year and the prior year have been presented as a discontinued operation.

The results of the discontinued operation are as follows:

	2016 £'000	2015 £'000
Revenue	–	247
Operating costs	(228)	(506)
Exceptional costs	(62)	(97)
	(290)	(356)

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

	2016 £'000	2015 £'000
Ordinary shares of 10 pence each		
Final of 17.0 pence per share for the year ended 28 February 2015 (2014: 17.0 pence per share)	4,989	3,507
Interim of 9.0 pence per share paid (2015: 9.0 pence per share)	2,659	2,694
	7,648	6,201

In addition, the Directors are proposing a final dividend in respect of the financial year ended 29 February 2016 of 17 pence per share which will absorb an estimated £5.0 million of shareholders' funds. It will be paid on 29 July 2016 to shareholders who are on the register of members on 1 July 2016. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The right to receive dividends on the shares held in the ESOP has been waived (see Note 26). The dividend saving through the waiver is £181,000 (2015: £177,000).

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 760,409 ordinary shares held by the Employee Share Ownership Plans (2015: 814,367 shares) which are treated as cancelled.

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

Total operations	2016 £'000	2015 £'000
Profit for the year attributable to shareholders	6,810	2,585

	pence	pence
Basic earnings per share	23.23	10.04
Effect of dilutive share options	(2.13)	(0.87)
Diluted earnings per share	21.10	9.17

Continuing operations	2016 £'000	2015 £'000
Underlying profit for the year attributable to shareholders	**10,173**	8,310

	pence	pence
Basic earnings per share	**34.70**	32.28
Effect of dilutive share options	**(3.17)**	(2.80)
Diluted earnings per share	**31.53**	29.48

	shares	shares
Weighted average number of ordinary shares	**29,318,887**	25,745,240
Effect of dilutive share options	**2,947,075**	2,442,308
Diluted weighted average number of ordinary shares	**32,265,962**	28,187,548

12 Result for the financial year

In accordance with the exemptions allowed by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A profit of £4,032,000 (2015: loss of £718,000) has been dealt with in the accounts of the Company.

13 Goodwill

Group	£'000
Cost	
At 1 March 2014	37,784
Additions	45,874
Exchange adjustments	255
At 28 February 2015	83,913
Exchange adjustments	658
At 29 February 2016	**84,571**
Accumulated impairment	
At 1 March 2014	7,693
Exchange adjustments	(34)
At 28 February 2015 and 29 February 2016	**7,659**
Net book value at 29 February 2016	**76,912**
Net book value at 28 February 2015	76,254

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

	2016 £'000	2015 £'000
Shipbroking	**68,502**	68,052
Braemar Technical Services (Engineering) Limited	**204**	204
Cory Brothers Group	**3,634**	3,625
Braemar Offshore Pte Limited	**2,949**	2,750
Braemar Technical Services Adjusting	**1,623**	1,623
	76,912	76,254

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

Notes to the consolidated financial statements
continued

13 Goodwill continued
All recoverable amounts were measured based on value in use. The forecast cash flows were based on the approved annual budget for the next financial year and management projections for the following four years which are based on estimated conservative growth rates for revenue and costs. Management believe any improvements in the cash flow are achievable. Cash flows have been used over a period of five years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business. After five years a terminal value is calculated using a long-term growth rate of 2.0% (2015: 2.0%). The cash flows were discounted using a pre-tax discount rate of 9.1% (2015: 9.1%) for UK-based operations and 9.1% to 9.6% (2015: 9.1% to 11.1%) for overseas-based operations.

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

14 Other intangible assets

Group	Computer software £'000	Research and development £'000	Other intangible assets £'000	Total £'000
Cost				
At 1 March 2014	1,368	–	9,307	10,675
Additions	1,126	–	–	1,126
Additions through acquisitions	–	–	2,783	2,783
Exchange adjustments	–	–	25	25
At 28 February 2015	2,494	–	12,115	14,609
Additions	379	836	–	1,215
Disposals	(389)	–	–	(389)
Exchange adjustments	–	–	119	119
At 29 February 2016	**2,484**	**836**	**12,234**	**15,554**
Amortisation				
At 1 March 2014	712	–	8,594	9,306
Charge for the year	408	–	1,772	2,180
Exchange adjustments	28	–	(22)	6
At 28 February 2015	1,148	–	10,344	11,492
Charge for the year	573	56	1,024	1,653
Disposals	(389)	–	–	(389)
Exchange adjustments	–	–	114	114
At 29 February 2016	**1,332**	**56**	**11,482**	**12,870**
Net book value at 29 February 2016	**1,152**	**780**	**752**	**2,684**
Net book value at 28 February 2015	1,346	–	1,771	3,117

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

In 2014/15 the Group capitalised £2,783,000 for the forward book of revenue in connection with the acquisition of ACM Shipping Group plc which was calculated as the net present value of future net income to be generated from this forward book. No value was attributed to the value of the brand or customer relationships as the primary value from the business combination was associated with the value of the experienced workforce acquired and the synergies created.

The Company has no intangible assets.

15 Property, plant and equipment

Group	Long leasehold £'000	Short leasehold £'000	Computers £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost or fair value						
At 1 March 2014	5,813	355	3,223	3,591	659	13,641
Additions at cost	138	1,493	1,240	858	7	3,736
Additions through acquisitions	351	–	202	39	–	592
Disposals	(5,812)	(15)	(331)	(146)	(172)	(6,476)
Exchange differences	17	–	44	46	23	130
At 28 February 2015	507	1,833	4,378	4,388	517	11,623
Additions at cost	119	31	489	1,080	–	1,719
Disposals	–	(357)	(328)	(532)	(106)	(1,323)
Exchange differences	67	–	124	61	45	297
At 29 February 2016	**693**	**1,507**	**4,663**	**4,997**	**456**	**12,316**
Accumulated depreciation						
At 1 March 2014	1,715	255	2,778	2,535	460	7,743
Charge for the year	346	136	519	367	106	1,474
Disposals	(2,006)	(5)	(215)	(131)	(164)	(2,521)
Exchange differences	9	–	35	39	(18)	65
At 28 February 2015	64	386	3,117	2,810	384	6,761
Charge for the year	140	37	779	515	69	1,540
Disposals	–	(326)	(521)	(268)	(101)	(1,216)
Exchange differences	43	–	37	44	3	127
At 29 February 2016	**247**	**97**	**3,412**	**3,101**	**355**	**7,212**
Net book value at 29 February 2016	**446**	**1,410**	**1,251**	**1,896**	**101**	**5,104**
Net book value at 28 February 2015	443	1,447	1,261	1,578	133	4,862

At 29 February 2016, the Group had no contractual commitments for the acquisition of property, plant and equipment (2015: nil). The Company has no property, plant and equipment.

Notes to the consolidated financial statements
continued

16 Investments

Group	Joint ventures £'000	Unlisted investments £'000	Total £'000
Goodwill	340	–	340
Share of net assets/cost	567	808	1,375
At 1 March 2014	907	808	1,715
Exchange differences	8	14	22
Share of joint ventures losses	(22)	–	(22)
Acquired in business combination	–	1,000	1,000
Revaluations	–	440	440
Additions	–	66	66
Disposals(i)	(893)	(800)	(1,693)
Cost at 28 February 2015	–	1,528	1,528
Additions	–	99	99
Impairment	–	(90)	(90)
At 29 February 2016	**–**	**1,537**	**1,537**

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

Company	Subsidiaries £'000	Joint venture undertakings £'000	Unlisted investments £'000	Total £'000
Cost				
At 1 March 2014	54,005	412	560	54,977
Acquisitions	–	–	1,000	1,000
Additions	50,447	–	–	50,447
Revaluations	–	–	440	440
Disposals	–	(412)	(800)	(1,212)
Share-based payments	1,331	–	–	1,331
At 28 February 2015	105,783	–	1,200	106,983
Share-based payments	2,584	–	–	2,584
At 29 February 2016	**108,367**	**–**	**1,200**	**109,567**
Impairment				
At 1 March 2014, 28 February 2015 and 29 February 2016	1,837	–	–	1,837
Net book value at 29 February 2016	**106,530**	**–**	**1,200**	**107,730**
Net book value at 28 February 2015	103,946	–	1,200	105,146

The Company invested £2,584,000 (2015: £1,331,000) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year (see Note 25).

A list of subsidiary undertakings is included in Note 32.

The financial statements of the principal subsidiary undertakings are prepared to 29 February 2016 except for PT Braemar Technical Services Offshore and Braemar Technical Services Offshore Vietnam Co Limited for which the results to 31 December 2015 have been consolidated on the basis that the results to 29 February 2016 would not be materially different.

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

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

2016

Name of company	Country	Principal activity	Percentage of ordinary shares owned	Accounting reference date
ACM Icon Shipping Limited	British Virgin Islands	Shipbroking	50%	28 February

2015

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

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

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

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

b) Unlisted investments
The Group's unlisted investments include 1,200 (2015: 1,200) ordinary £1 shares in London Tanker Brokers Panel and 7,500 (2015: 7,500) ordinary £1 shares in London Ship Valuation Panel. The Group also has an investment in the Baltic Exchange. These have been treated 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. The fair value of the investment in London Tanker Brokers Panel is not quoted on a market, but was revalued during 2014/15 to £1,200,000.

17 Other long-term receivables

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Other receivables	**30**	44	**30**	44
Security deposits	**325**	200	**–**	–
	355	244	**30**	44

18 Trade and other receivables

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Trade receivables	**44,608**	42,272	**–**	–
Provision for impairment of trade receivables	**(6,071)**	(4,477)	**–**	–
	38,537	37,795	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**4,508**	1,393
Other receivables	**4,626**	5,800	**1,459**	1,586
Accrued income	**12,379**	11,713	**–**	–
Prepayments	**2,593**	2,134	**68**	43
	58,135	57,442	**6,035**	3,022

The total receivables balance is denominated in the following currencies:

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
US dollars	**22,503**	25,419	**–**	–
Pounds sterling	**23,300**	22,469	**6,035**	3,022
Other	**12,332**	9,554	**–**	–
	58,135	57,442	**6,035**	3,022

Notes to the consolidated financial statements
continued

18 Trade and other receivables continued
The Directors consider that the carrying amounts of trade receivables approximate to their fair value.

Terms associated with the settlement of the Group's trade receivables vary across the Group but in general are settled in less than 90 days. As at 29 February 2016 trade receivables of £6,071,000 (2015: £4,477,000) which were over 12 months old were treated as impaired and have been provided for. Amounts over 12 months old at 29 February 2016 have not been provided for if they have been recovered since that date. No further provision (2015: £nil) has been made for specific trade receivables less than 12 months overdue.

The ageing profile of trade receivables as at 29 February 2016 is as follows:

	Group	
	2016 £'000	2015 £'000
Up to 3 months	**28,675**	27,814
3 to 6 months	**4,680**	4,690
6 to 12 months	**5,788**	4,004
Over 12 months	**5,465**	5,764
Total	**44,608**	42,272

The Company has no trade receivables (2015: £nil).

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

	2016 £'000	2015 £'000
At 1 March	**4,477**	2,880
Provision for receivables impairment	**2,055**	1,777
Receivables written off during the year as uncollectable	**(126)**	(161)
Acquisitions	**–**	339
Amounts previously impaired collected in period	**(569)**	(422)
Exchange differences	**234**	64
At 29/28 February	**6,071**	4,477

At 29 February 2016, within other classes of trade and other receivables, a provision of impairment of £311,000 (2015: £318,000) has been made for accrued income that is greater than 12 months old and within other receivables there is a provision for impairment of £250,000 (2015: £250,000).

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

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

At 28 February 2015 the Group held forward currency contracts to sell US$12.0 million at an average rate of $1.557/£1.

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

	2016		2015	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Forward currency contracts				–
Liabilities	**1,233**	**1,233**	62	62

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £1,233,000 liability (2015: £62,000 liability) which has been deferred in equity.

Amounts of £62,000 have been charged (2015: £35,000 credited) to the income statement in respect of forward contracts which have matured in the period.

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

Excluding the effect of hedging, the effect on equity and profit before tax if the US dollar strengthened/(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
29 February 2016				
USD	**4,012**	**3,283**	**3,210**	**2,626**
28 February 2015				
USD	2,773	2,269	2,218	1,815

b) Interest rate risk

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

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

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

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Floating rate:				
Within one year				
Cash and cash equivalents (see Note 20)	**11,497**	16,289	**–**	–
Secured bank overdrafts	**–**	–	**(842)**	(131)
Secured bank loans and other borrowings	**(1,800)**	(6,800)	**(1,800)**	(6,800)
Between one and five years				
Secured bank loans and other borrowings	**(500)**	(2,300)	**(500)**	(2,300)
	9,197	7,189	**(3,142)**	(9,231)

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
29 February 2016				
Cash and cash equivalents	**23**	**(23)**	**18**	**(18)**
Bank loans and overdrafts	**(54)**	**54**	**(43)**	**43**
	(31)	**31**	**(25)**	**25**
28 February 2015				
Cash and cash equivalents	163	(163)	129	(129)
Bank loans and overdrafts	(91)	91	(72)	72
	72	(72)	57	(57)

Notes to the consolidated financial statements
continued

19 Derivative and other financial instruments continued

c) Credit risk

There are no significant concentrations within the Group or Company.

Concentrations of credit risk with respect to trade receivables are limited due to the diversity of the Group's customer base. The Directors believe there is no further credit risk provision required in excess of normal provisions for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group seeks to trade only with creditworthy parties and carries out credit checks where appropriate. The maximum exposure is the carrying amount as disclosed in Note 18.

d) Capital management

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

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

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

No changes were made in the objectives, policies or processes during the years ended 29 February 2016 and 28 February 2015.

20 Cash and cash equivalents

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Cash at bank and cash on hand	**9,744**	14,133	**–**	–
Restricted cash	**1,220**	1,126	**–**	–
Term deposits	**533**	1,030	**–**	–
	11,497	16,289	**–**	–

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

Restricted cash comprises cash balances where the Group is holding cash as escrow agent or where there are restrictions as to withdrawal or use under the terms of certain financial instruments (see Note 31). The amounts are held in designated accounts.

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

21 Trade and other payables

	Group		Company	
Current liabilities	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Trade payables	**19,984**	20,226	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**22,655**	10,418
Other taxation and social security	**868**	1,138	**–**	–
Deferred consideration	**–**	222	**–**	–
Other payables	**3,363**	2,263	**204**	126
Other accruals and deferred income	**18,805**	18,421	**618**	272
	43,020	42,270	**23,477**	10,816

The average credit period taken for trade payables is 37 days (2015: 44 days). The Directors consider that the carrying amounts of trade payables approximate to their fair value.

22 Borrowings

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Short-term borrowings				
Secured bank loans and other borrowings	**–**	5,000	**–**	5,000
Secured bank overdrafts	**–**	–	**842**	131
	–	5,000	**842**	5,131
Current portion of long-term borrowings	**1,800**	1,800	**1,800**	1,800
	1,800	6,800	**2,642**	6,931
Long-term borrowings				
Bank loans:				
– repayable within one year	**1,800**	1,800	**1,800**	1,800
– repayable between one and five years	**500**	2,300	**500**	2,300
	2,300	4,100	**2,300**	4,100
Less: amount due for settlement within one year shown under current liabilities	**(1,800)**	(1,800)	**(1,800)**	(1,800)
Amount due for settlement after one year	**500**	2,300	**500**	2,300

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

The Group operates a pooled banking facility for all sterling, US dollar and euro current account balances across the UK group and has the legal right of offset. The Company's short-term borrowings reflect its contribution to the pooling arrangement.

The bank overdraft bears interest based on LIBOR.

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

Borrowing facilities

As at 29 February 2016, the Group had undrawn committed debt facilities of £10 million (2015: £5.0 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.

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

Covenant measures

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

23 Provisions

	Employee entitlements £'000	Other provisions £'000	Total £'000
At 28 February 2015	937	1,578	2,515
Provided in the year	154	189	343
Utilised in the year	(294)	(1,302)	(1,596)
At 29 February 2016	**797**	**465**	**1,262**
Current	264	465	729
Non-current	533	–	533
At 29 February 2016	**797**	**465**	**1,262**

Notes to the consolidated financial statements
continued

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

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

The Company has no provisions.

24 Retirement benefit schemes
Pension schemes for the employees of the Group consist of a funded defined benefit scheme and defined contribution plans. The retirement benefit obligations in the Group balance sheets relate to the funded defined benefit scheme – The ACM Staff Pension Scheme. A funding valuation as at 31 March 2014 was carried out.

The Group's obligations in respect of the funded defined benefit scheme at 29 February 2016 were as follows:

	Group	
	2016 £'000	2015 £'000
Present value of funded obligations	**14,406**	15,281
Fair value of scheme assets	**(13,195)**	(13,799)
Total deficit of defined benefit pension scheme	**1,211**	1,482

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 80% of the liabilities are attributable to deferred pensions for current and former employees, with the remaining 20% to current pensioners.

The Scheme duration is an indicator of the weighted average time until benefit payments are made. For the Scheme as a whole, the duration is around 18 years.

Funding implications
UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2014 and showed a deficit of £3.7 million. As a result, the Company has been paying deficit contributions of £450,000 p.a. since July 2015 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by February 2026.

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

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

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

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

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

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

The Trustees insure certain benefits payable on death before retirement.

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

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

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

	2016 (% p.a.)	2015 (% p.a.)
Discount rate	**3.8**	3.5
RPI inflation	**2.9**	3.0
CPI inflation	**1.8**	1.9
Rate of salary growth	**3.9**	4.0
Pension increases:		
CPI capped at 2.5% p.a.	**1.6**	1.6
CPI capped at 3.0% p.a.	**1.7**	1.7
CPI capped at 5.0% p.a.	**1.8**	2.0
Deferred pension increases:		
CPI capped at 2.5% p.a.	**1.8**	1.9
CPI capped at 5.0% p.a.	**1.8**	1.9

	2016 Years	2015 Years
Life expectancy from age 60 for:		
Current 60 year old male	**28.6**	27.7
Current 60 year old female	**29.7**	30.2
Current 45 year old male	**29.9**	29.1
Current 45 year old female	**31.2**	31.8

Early retirement	33% of members retire at age 55, with the remainder retiring at age 60.
Withdrawals from active service	No allowance.
Cash commutation	25% of pension exchanged for cash.

Notes to the consolidated financial statements
continued

24 Retirement benefit schemes continued

Scheme assets	2016 £'000	2015 £'000
Scheme assets are comprised as follows:		
Schroders Diversified Growth Fund	**13,195**	13,799
Total	**13,195**	13,799

Expense recognised in the income statement (included in Operating costs)	2016 £'000	2015 £'000
Current service cost	**129**	75
Curtailment credit	**(327)**	–
Interest on net liability	**45**	31
(Credit)/expense recognised in income statement	**(153)**	106
Remeasurements in Other comprehensive income/(expense):		
Return on assets in excess of that recognised in net interest	**1,482**	(550)
Actuarial losses due to changes in financial assumptions	**(1,025)**	1,030
Actuarial losses due to changes in demographic assumptions	**104**	68
Actuarial gains due to liability experience	**(191)**	(291)
Amount recognised in Other comprehensive income/(expense)	**370**	257
Total amount recognised in income statement and Other comprehensive income/(expense)	**217**	363

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

	2016 £'000	2015 £'000
Opening defined benefit obligation/on acquisition of ACM	**15,281**	14,116
Current service cost	**129**	75
Interest expense/(income)	**535**	338
Contributions by participants	**38**	27
Actuarial (gains)/losses on liabilities	**(1,112)**	807
Net benefit payments from scheme	**(138)**	(82)
Curtailments	**(327)**	–
Closing value at 29/28 February	**14,406**	15,281

	2016 £'000	2015 £'000
Opening fair value at 1 March/on acquisition of ACM	**13,799**	12,753
Expected return on assets	**490**	307
Actuarial (gains)/losses on liabilities	**(1,482)**	550
Contributions by employers	**488**	244
Contributions by participants	**38**	27
Net benefit payments from scheme	**(138)**	(82)
Closing value at 29/28 February	**13,195**	13,799

Actual return on Scheme assets	2016 £'000	2015 £'000
Expected return on assets	**490**	307
Re-measurement gain on assets	**(4,482)**	550
Actual return on assets	**(992)**	857

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 29 February 2016 to changes in the principal assumptions. The sensitivities assume that all other assumptions remain unchanged and the calculations are approximate (full calculations could lead to a different result).

Assumption	Change in assumption	Impact on Scheme liabilities
Discount rate	Increase by 0.1% p.a. Decrease by 0.1% p.a.	Decrease by 1.8% Increase by 1.8%
Rate of inflation[(i)]	Increase by 0.1% p.a. Decrease by 0.1% p.a.	Increase by 1.5% Decrease by 1.4%
Life expectancy	Increase by one year Decrease by one year	Increase by 1.6% Decrease by 1.7%

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

Defined contribution schemes

There are a number of defined contribution schemes in the Group, the principal scheme being the Braemar 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 £2,083,000 (2015: £2,156,000).

Contributions of £84,000 were due to these schemes at 29 February 2016 (2015: £73,000).

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

25 Share capital

Group and Company	Ordinary shares 2016 Number	Ordinary shares 2015 Number	Ordinary shares 2016 £'000	Ordinary shares 2015 £'000
a) Authorised				
Ordinary shares of 10 pence each	**34,903,000**	34,903,000	**3,490**	3,490

Group and Company	Ordinary shares 2016 Number	Ordinary shares 2015 Number	Ordinary shares 2016 £'000	Ordinary shares 2015 £'000	Share premium 2016 £'000	Share premium 2015 £'000
b) Issued						
Fully paid ordinary shares of 10 pence each						
As at start of year	**29,983,318**	21,671,409	**2,998**	2,167	**51,970**	12,218
Shares issued and fully paid for acquisitions	**–**	8,093,610	**–**	810	**–**	40,022
Share issue costs	**–**	–	**–**	–	**–**	(850)
Shares issued and fully paid (see below)	**130,609**	218,299	**13**	21	**344**	580
As at end of year	**30,113,927**	29,983,318	**3,011**	2,998	**52,314**	51,970

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

During the year ended 28 February 2015, 8,093,510 shares were issued at a total value of £40,832,000 as part of the consideration to acquire ACM Shipping Group plc on 25 July 2014, of which 125,621 shares were issued in consideration for shares held in the Employee Trust previously run by ACM. Share issue costs of £850,000 were incurred as part of the share issue and deducted from the share premium account. In addition, 3,548 shares were issued at 426.4 pence, 209,055 shares were issued at 271.0 pence and 5,696 shares were issued at 336.24 pence as part of the Save As You Earn ("SAYE") Scheme. No shares remained unpaid at 28 February 2015.

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

Notes to the consolidated financial statements
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25 Share capital continued
c) Share-based payments
The Company operates a variety of share-based payment schemes which are listed below.

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

The Company also operates the Braemar Shipping Services 2010 Executive Options Scheme ("the 2010 CSOP") under which options are granted by the Remuneration Committee. The schemes are open to all UK employees and executive Directors and the exercise price of the options granted were at the market price at date of grant. The 2010 CSOP provides for the grant of two types of option – "Non-performance options" and "Performance options". "Non-performance options" are granted to employees only in conjunction with the grant to such employees of an award under the Deferred Bonus Plan (see ii). Unlike the "Performance Options", the vesting and exercise of "Non-performance options" will not be subject to the satisfaction of performance conditions (although exercise will be dependent on continuous employment within the Group). During the year to 29 February 2016, 295,959 "Non-performance options" and 142,836 "Performance options" were granted under the CSOP (2015: 283,851 "Non-performance options" and 151,233 "Performance options").

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

Share scheme	Year option granted	Number at 1 March 2015	Granted	Exercised	Lapsed	**Number at 29 February 2016**	Exercise price (pence)	Exercisable between
SAYE								
	2012	38,121	–	(38,121)	–	**–**	271.0	2014-2015
	2012	112,711	–	(91,106)	(21,605)	**–**	272.9	2015-2016
	2013	94,425	–	(1,159)	(16,178)	**77,088**	336.2	2016-2017
	2015	–	353,254	(223)	(12,284)	**340,747**	402.7	2018-2019
		245,257	353,254	(130,609)	(50,067)	**417,835**		

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

	SAYE	SAYE
Grant date	**01 Aug 15**	01 Aug 13
Share price at grant date	**461.95p**	423.00p
Exercise price	**420.67p**	336.20p
Number of employees	**239**	108
Shares under option	**353,254**	125,351
Vesting period (years)	**3.0**	3.0
Expected volatility	**42.90%**	35.40%
Option life (years)	**3.5**	3.5
Risk-free rate	**1.90%**	3.08%
Expected dividends expressed as a dividend yield	**5.00%**	5.00%
Possibility of ceasing employment before vesting	**5.00%**	5.00%
Expectation of meeting performance criteria	**100.00%**	100.00%
Fair value per option	**118.90p**	87.47p

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

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

	2016		2015	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 March	**245,257**	**296.98p**	500,281	287.81p
Granted	**353,254**	**402.67p**	–	0.00p
Exercised	**(130,609)**	**273.13p**	(218,299)	275.23p
Lapsed	**(50,067)**	**325.19p**	(36,725)	301.36p
Outstanding at 29/28 February	**417,835**	**390.41p**	245,257	296.98p
Exercisable at 29/28 February	**–**	**0.00p**	38,121	271.00p

	2016 Contractual	2015 Contractual
Weighted average remaining life (years)	**1.8**	1.2

The weighted average share price for share options exercised in the year is 464.37 pence (2015: 467.71 pence).

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

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

During the year ended 28 February 2015, 22,750 shares at a value of £76,000 that were awarded to employees in May 2011 as part of the Plan were delivered to them in May 2014 following the three-year vesting period. Awards over 435,084 shares were made to employees during the year and a total of 251,075 share awards lapsed.

As at 29 February 2016, 1,078,096 deferred shares had been awarded to employees (2015: 822,641) but not yet vested.

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

In 2014, the performance criteria of the LTIP were updated such that the awards vested over a three-year period based on growth in EPS. If EPS increases by less than 5% then the awards do not vest; if EPS increases by 5% the awards vest by 25%; and if EPS increases by 13% or higher the awards vest 100%, with a sliding scale on a straight-line basis between these growth percentages. In June 2015, awards over 143,157 awards were made to two executive directors and one senior member of management. In August 2014, awards over 156,812 awards were made to three executive Directors.

During the year LTIP awards over 130,000 shares that were made to two executive Directors in October 2012 lapsed due to the performance criteria not being met.

iv. Restricted share plan
During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). RSP awards are made in the form of a nil cost option and there are no performance criteria other than continued employment. During the year ended 28 February 2015 the Company issued 1,409,000 RSP awards of which 50% will vest after three years and 25% after each of the fourth and fifth years provided the individuals remain employed by the Group. At 29 February 2016, 171,500 awards had lapsed. 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.

Notes to the consolidated financial statements
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26 Shares to be issued

Group and Company	£'000
At 1 March 2014	2,934
Share capital acquired in the year	228
Share capital issued on acquisition of ACM Employee Benefit Trust	525
ESOP shares allocated	(76)
At 28 February 2015	3,611
Share capital acquired in the year	428
ESOP shares allocated	(600)
At 29 February 2016	**3,439**

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

An Employee Share Ownership Plan (ESOP) was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held on trust by the Trustee of the ESOP, Kleinwort Benson (Channel Islands) Limited, for the benefit of the employees. As at 29 February 2016, the ESOP held 634,788 (2015: 688,746) ordinary shares of 10 pence each at a total cost of £3,439,000 (2015: £3,611,000) including stamp duty associated with the purchase. The funding of the purchase has been provided by the Company in the form of an interest-free loan and the Trustees have contracted with the Company to waive the ESOP's right to receive dividends. The fees charged by the Trustees for the operation of the ESOP are paid by the Company and charged to the income statement as they fall due.

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

The shares owned by the ESOP and EBT had a market value at 29 February 2016 of £3,140,579 (2015: £3,746,088). The distribution of these shares is determined by the Remuneration Committee. 139,238 shares (2015: 27,224) have been released to employees during the year (see Note 25).

27 Other reserves

Group	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total £'000
At 1 March 2014	396	21,346	1,949	28	23,719
Cash flow hedges					
– Transfer to net profit	–	–	–	(35)	(35)
– Fair value losses in the period	–	–	–	(62)	(62)
Exchange differences	–	–	1,309	–	1,309
Deferred tax on items taken to equity	–	–	–	19	19
At 28 February 2015	396	21,346	3,258	(50)	24,950
Cash flow hedges					
– Transfer to net profit	–	–	–	62	62
– Fair value losses in the period	–	–	–	(1,233)	(1,233)
Exchange differences	–	–	2,461	–	2,461
Deferred tax on items taken to equity	–	–	–	234	234
At 29 February 2016	**396**	**21,346**	**5,719**	**(987)**	**26,474**

Company	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 1 March 2014, 28 February 2015 and 29 February 2016	396	21,346	21,742

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

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

The 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 £1,233,000 liability (2015: £62,000 liability). A deferred tax asset of £247,000 (2015: £12,000 asset) is attributable to these transactions.

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

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Profit/(loss) before tax for the year from continuing operations	**9,926**	5,128	**3,485**	(1,952)
Loss before tax for the year from discontinued operations	**(290)**	(356)	**–**	–
Adjustments for:				
– Depreciation of property, plant and equipment	**1,540**	1,474	**–**	–
– Amortisation of computer software	**573**	408	**–**	–
– Amortisation of other intangible assets	**1,080**	1,772	**–**	–
– (Profit)/loss on sale of property, plant and equipment	**–**	(5,618)	**–**	–
– Other exceptional and acquisition-related items	**2,365**	9,822	**–**	364
– Finance income	**(45)**	(238)	**(2)**	(1)
– Finance expense	**432**	531	**413**	529
– Share of loss of joint ventures	**–**	22	**–**	–
– Share-based payments (excluding restricted share plan)	**1,110**	555	**–**	–
– Net foreign exchange gains and financial instruments	**(524)**	(428)	**–**	–
Changes in working capital:				
– Trade and other receivables	**(1,527)**	(3,426)	**(2,352)**	(700)
– Trade and other payables	**750**	1,169	**12,661**	9,128
Contribution to defined benefit pension scheme	**(488)**	–	**–**	–
Restructuring-related costs	**(1,632)**	(3,675)	**–**	(364)
Provisions	**189**	119	**–**	–
Cash generated from operations	**13,459**	7,259	**14,205**	7,004

29 Business combinations

In 2014/15 the Company acquired 100% of the share capital of ACM Shipping Group plc for consideration of £50.4 million and recognised £2,783,000 as an intangible asset relating to the forward book acquired (see Note 14), and £45.9 million goodwill (see Note 13).

30 Financial commitments

a) Operating lease commitments

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

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

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

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

There were no commitments under operating leases in the Company.

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

	Group	
	2016 £'000	2015 £'000
Bank guarantees given to:		
HM Revenue and Customs	**2,036**	2,036
Third parties (cash-collateralised)	**809**	950
Third parties (non cash-collateralised)	**570**	564
Total	**3,415**	3,550

There are no bank guarantees issued by the Company.

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

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

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

	2016			2015		
Group	**Recharges to/(from) £'000**	**Dividends £'000**	**Balance due from £'000**	Recharges to/(from) £'000	Dividends £'000	Balance due from £'000
London Tanker Brokers Panel	**389**	**–**	**–**	341	–	–
London Ship Valuation Panel	**18**	**–**	**–**	18	–	–

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

Under the Merger Agreement dated 7 March 2001 between the Company and Braemar Shipbrokers Ltd, the vendors gave a joint and several indemnity to the Company for any warranty and tax indemnity claims up to an aggregate of £10 million. The former Chief Executive, Alan Marsh, and a former Director of the Company, Quentin Soanes are Braemar Shipbrokers vendors. During the year ended 28 February 2006, the Company received an assessment for corporation tax and interest totalling £2.2 million which is recoverable under the above indemnity. Following receipt of the assessment the Company received funds of £1.6 million from the vendors which were paid to the Inland Revenue in order to prevent interest accruing. Such funds would become repayable to the vendors in the event that the appeal is successful. £0.6 million (2015: £0.6 million) remains outstanding pending the appeal result. The assessment is being appealed and the Company does not expect to incur any cost in respect of this assessment or these contingent liabilities.

Key management compensation is disclosed in Note 4.

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

	2016			2015		
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	**(5,200)**	**5,200**	**(589)**	–	–	(589)
Braemar ACM Shipbroking Limited	**(9,285)**	**–**	**(11,307)**	(1,958)	–	(2,022)
Braemar Technical Services (Engineering) Limited	**354**	**–**	**354**	(1,261)	–	–
Braemar Technical Services (Adjusting) Limited	**116**	**–**	**153**	–	–	37
Braemar Technical Services Limited	**2,529**	**–**	**2,529**	–	–	–
Cory Brothers Shipping Agency Limited	**(2,256)**	**2,266**	**3**	–	1,500	(7)
Braemar Howells Limited	**(71)**	**–**	**–**	(234)	–	71
Cagnoil Limited	**–**	**–**	**39**	–	–	39
Braemar ACM Shipbroking Pty Limited	**–**	**–**	**–**	–	351	–
Braemar ACM Shipbroking Pte Limited	**17**	**–**	**(2,841)**	(2,858)	–	(2,858)
Braemar Technical Services Offshore Pte Limited	**(3,000)**		**(5,652)**	–	–	(2,652)
Braemar Seascope India (Pvt) Limited	**–**	**–**	**–**	–	508	–
ACM Shipping Group Limited	**–**	**–**	**(1,266)**	–	–	(1,266)
Portabella Limited	**–**	**–**	**(525)**	–	–	(525)

A list of the Group's subsidiary undertakings is as follows:

Name of company	Country	Principal activity	Percentage of ordinary shares directly owned	Percentage of ordinary shares indirectly owned
Braemar Shipbrokers Limited	England & Wales	Shipbroking	100	
Braemar ACM Shipbroking Limited	England & Wales	Shipbroking		100
Braemar ACM Valuations Limited	England & Wales	Valuations		100
Braemar ACM Shipbroking Pty Limited	Australia	Shipbroking	100	
Braemar ACM Shipbroking Pte Limited	Singapore	Shipbroking	100	
Braemar ACM Shipbroking India Private Limited	India	Shipbroking		100
Braemar ACM Shipbroking (Dry Cargo) Limited	England & Wales	Shipbroking		100
Braemar Seascope USA Inc	US	Shipbroking		100
Braemar Seascope Italia SRL	Italy	Shipbroking		100
ACM Shipping India Limited	India	Shipbroking		100
Braemar ACM Shipbroking (Shanghai) Limited	China	Shipbroking		100
Braemar ACM Shipbroking DMCC	UAE	Shipbroking		100
ACM Shipping USA Limited	England & Wales	Shipbroking		100
ACM Shipping Group Limited	England & Wales	Shipbroking	100	
ACM Shipping Limited	England & Wales	Shipbroking		100
Cagnoil Limited	England & Wales	Shipbroking		100
Orca Shipping Limited	England & Wales	Shipbroking		100
Braemar Futures Limited	England & Wales	Shipbroking		100
Braemar Technical Services Holdings Limited	England & Wales	Holding company	100	
Braemar Technical Services Holdings Pte Limited	Nevis	Marine consultants		100
Braemar Technical Services (Offshore) Pte Limited	Singapore	Marine consultants		100
Braemar Technical Services Engineering Pte Limited	Singapore	Energy consultants		100
Braemar Technical Services (Offshore) Sdn Bhd	Malaysia	Marine consultants		49
PT Braemar Technical Services Offshore	Indonesia	Marine consultants		100
Braemar Technical Services (Offshore) Vietnam Co Limited	Vietnam	Marine consultants		100
Braemar Technical Services (Offshore) Thailand Co Limited	Thailand	Marine consultants		100
Braemar Technical Services (Offshore) Australia Pty Limited	Australia	Marine consultants		100
Braemar Technical Services (Offshore) Shanghai Pte Limited	China	Marine consultants		100
Braemar Technical Services (Offshore) India Pvt Limited	India	Marine consultants		100
Braemar Technical Services (Adjusting) Limited[(i)]	England & Wales	Energy loss adjuster		100

Notes to the consolidated financial statements
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32 Related party transactions continued

Name of company	Country	Principal activity	Percentage of ordinary shares directly owned	Percentage of ordinary shares indirectly owned
Braemar Technical Services (USA) Inc	United States	Energy loss adjuster		100
Braemar Technical Services (Adjusting) Pte Limited	Singapore	Energy loss adjuster		100
Braemar Technical Services (Canada) Limited	Canada	Energy loss adjuster		100
Braemar Technical Services Adjusting Dubai	UAE	Energy loss adjuster		100
BTS Consultores Ltda	Brazil	Energy loss adjuster		100
Braemar Technical Services (Engineering) Limited	England & Wales	Marine consultants		100
Braemar Holdings (USA) Inc	United States	Holding Company		100
Braemar Technical Services Limited	England & Wales	Marine consultants		100
Braemar Technical Services Pte Limited	Singapore	Marine consultants		100
Braemar Technical Services USA Inc	United States	Marine consultants		100
Braemar Teknik Servis Denizcilik Limited Sirketi	Turkey	Marine consultants		100
Braemar Technical Services SA (Pty) Limited	South Africa	Marine consultants		100
Braemar Technical Services LLC	Abu Dhabi	Marine consultants		100
Braemar Howells Limited	England & Wales	Environmental services		100
Braemar Howells Consultancy Ltd	England & Wales	Environmental services		100
Braemar LNG BV	Netherlands	Engineering		100
Cory Brothers Shipping Agency Limited	England & Wales	Ship agents/Logistics	100	
Cory Brothers Shipping Agencies Pte Limited	Singapore	Ship agents/Logistics		100
Cory Brothers (USA) Inc	US	Ship agents/Logistics		100
Cory Brothers (The Netherlands) Limited	Netherlands	Ship agents/Logistics		100
Fred. Olsen Freight Limited	England & Wales	Ship agents/Logistics		100
Braemar Developments Limited	England & Wales	Dormant		100
Braemar Chartering Limited	England & Wales	Dormant		100
BS Energy Services Limited	England & Wales	Dormant		100
Seascope Capital Services Limited	England & Wales	Dormant		100
GFL (UK) Limited	England & Wales	Dormant		100
Seascope Shipping Investments Limited	England & Wales	Dormant		100
Portabella Limited	England & Wales	Dormant		100
Wavespec (North East) Limited	England & Wales	Dormant		100
Braemar Seascope Technical Services Limited	England & Wales	Dormant		100
Braemar Tankers Limited	England & Wales	Dormant		100
Braemar Marine Limited	England & Wales	Dormant		100
Braemar Maritime Limited	England & Wales	Dormant		100
Braemar Burness Maritime Limited	England & Wales	Dormant		100
Burness Marine (Gas) Limited	England & Wales	Dormant		100
Burness Marine (Tankers) Limited	England & Wales	Dormant		100
Braemar Container Shipping and Chartering Limited	England & Wales	Dormant		100
Braemar Seascope Shipping Limited	England & Wales	Dormant		100
Seascope Sale & Purchase Limited	England & Wales	Dormant		100
Seascope Projects Limited	England & Wales	Dormant		100
Seascope Shipping Services Limited	England & Wales	Dormant		100
Seascope Shipping Limited	England & Wales	Dormant		100
Braemar Seascope (Beijing) Limited	England & Wales	Dormant		100
ACM Shipping Services Limited	England & Wales	Dormant		100
Alchemy Trading Company Limited	England & Wales	Dormant		100
ACM Sale & Purchase Limited	England & Wales	Dormant		100
ACM Tankers Limited	England & Wales	Dormant		100
ACM Shipping EBT Limited	England & Wales	Dormant		100
ACM Shipping CIS Limited	England & Wales	Dormant		100
ACM ICON Shipping Limited	British Virgin Islands	Shipbroking		100

Name of company	Country	Principal activity	Percentage of ordinary shares directly owned	Percentage of ordinary shares indirectly owned
ACM Shipping Endeavour Holdings Pty Limited	Australia	Shipbroking		100
ACM Shipping Endeavour Pty Limited	Australia	Shipbroking		100
ACM Shipping Asia Pte Limited	Singapore	Shipbroking		100
ACM Shipping Dry Cargo Asia Pte Limited	Singapore	Shipbroking		100
ACM Shipping USA LLP	US	Shipbroking		100
CB (Newcastle) Limited	England & Wales	Dormant		100
Cory Logistics Limited	England & Wales	Dormant		100
Cory Navarm Logistics Limited	England & Wales	Dormant		100
Freight Action Limited	England & Wales	Dormant		100
Gorman Cory Shipping Agency Limited	England & Wales	Dormant		100
Lemstock Limited	England & Wales	Dormant		100
London Central Cruise Moorings Limited	England & Wales	Dormant		100
Lawrence Holt & Co Limited	England & Wales	Dormant		100
Morrison Shipping Agency Limited	England & Wales	Dormant		100
Morrison Shipping Limited	England & Wales	Dormant		100
Morrison Tours Limited	England & Wales	Dormant		100
Morrison Tours Logistics Limited	England & Wales	Dormant		100
Persona Logistics Services Limited	England & Wales	Dormant		100
Planetwide Group Limited	England & Wales	Dormant		100
Planetwide Limited	England & Wales	Dormant		100
Red Dragon Line Limited	England & Wales	Dormant		100
ShipTrak Limited	England & Wales	Dormant		100
South African Liner Services Limited	England & Wales	Dormant		100

Five-year financial summary

Consolidated income statement

Continuing operations	12 months to 29 February 2016 £'000	12 months to 28 February 2015 (Restated) £'000	12 months to 28 February 2014 £'000	12 months to 28 February 2013 £'000	12 months to 29 February 2012 £'000
Group revenue	**159,125**	145,601	125,531	139,684	131,457
Other operating expenses	**(145,367)**	(134,070)	(116,248)	(128,856)	(120,320)
Exceptional and acquisition-related expenses (net)	**(3,445)**	(5,948)	(432)	(1,498)	(1,365)
Total operating expenses	**(148,812)**	(140,018)	(116,680)	(130,354)	(121,685)
Operating profit	**10,313**	5,583	8,851	9,330	9,772
Interest income/(expenses) (net)	**(387)**	(293)	196	255	196
Share of profit/(loss) from joint ventures	**–**	(162)	(88)	62	252
Profit before taxation	**9,926**	5,128	8,959	9,647	10,220
Taxation	**(2,826)**	(2,187)	(2,268)	(2,447)	(2,888)
Profit after taxation	**7,100**	2,941	6,691	7,200	7,332
Dividends					
Interim	**2,659**	2,694	1,915	1,870	1,812
Final proposed	**4,990**	4,989	3,572	3,526	3,523
	7,649	7,683	5,487	5,396	5,335
Earnings per ordinary share – pence					
Basic – underlying	**34.70p**	32.28p	33.51p	34.47p	33.84p
Diluted – underlying	**31.53p**	29.48p	32.13p	33.36p	32.53p

Five-year financial summary

Consolidated balance sheet

	As at 29 February 2016 £'000	As at 28 February 2015 £'000	As at 28 February 2014 £'000	As at 28 February 2013 £'000	As at 29 February 2012 £'000
Assets					
Goodwill	**76,912**	76,254	30,091	30,547	30,416
Other intangible assets	**2,684**	3,117	1,369	1,524	2,630
Property, plant and equipment	**5,104**	4,862	5,898	6,165	6,257
Investments	**1,537**	1,528	1,715	1,796	1,895
Deferred tax assets	**2,177**	1,548	1,644	1,021	1,665
Other receivables	**355**	244	242	261	233
	88,769	87,553	40,959	41,314	43,096
Current assets					
Trade and other receivables	**58,135**	57,442	47,386	44,621	47,109
Assets held for sale	**–**	–	601	–	–
Cash and cash equivalents	**11,497**	16,289	13,694	23,616	17,802
	69,632	73,731	61,681	68,237	64,911
Total assets	**158,401**	161,284	102,640	109,551	108,007
Liabilities					
Current liabilities					
Trade and other payables	**44,253**	42,332	32,847	36,343	36,960
Short-term borrowings	**1,800**	6,800	–	–	–
Current tax payable	**1,640**	757	2,112	1,638	1,674
Provisions	**729**	1,273	410	413	345
Liabilities held for sale	**–**	–	1,119	–	–
Client monies held as escrow agent	**–**	–	–	339	335
	48,422	51,162	36,488	38,733	39,314
Non-current liabilities					
Long-term borrowings	**500**	2,300	–	–	–
Deferred tax liabilities	**430**	825	531	612	1,130
Trade and other payables	**–**	–	–	–	400
Provisions	**533**	1,242	335	363	325
Pension deficit	**1,211**	1,482	–	–	–
	2,674	5,849	866	975	1,855
Total liabilities	**51,096**	57,011	37,354	39,708	41,169
Total assets less total liabilities	**107,305**	104,273	65,286	69,843	66,838
Equity					
Share capital	**3,011**	2,998	2,167	2,165	2,160
Share premium	**52,314**	51,970	12,218	12,150	12,018
Shares to be issued	**(3,439)**	(3,611)	(2,934)	(3,309)	(3,695)
Other reserves	**26,474**	24,950	23,719	27,630	26,664
Retained earnings	**28,945**	27,966	30,116	30,962	29,471
	107,305	104,273	65,286	69,598	66,618
Minority interest	**–**	–	–	245	220
Total equity	**107,305**	104,273	65,286	69,843	66,838

Shareholder information

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Independent auditors
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Timetable

AGM:	30 June 2016
Ex dividend date for 2015/16 final dividend:	30 June 2016
2015/16 Final dividend record date:	1 July 2016
2015/16 Final dividend payment date:	29 July 2016
2016/17 Interim results announcement:	Late October 2016

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