

The
Baltic
Exchange

Annual Report and Accounts

Registered Number 64795

31 March 2016

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Board – Directors and Secretary

Committees for 2015/2016

Directors

The Baltic Exchange Limited

G M Campbell FICS (*Chairman*)
L C Varnavides (*Vice-Chairman*)
S Albertijn
C Bacon*
A C Carroll
D L Dunn
H J Fafalios
B F Goodall
J M Hadjipateras*
P B Kerr-Dineen
H G Liddell FICS
J Lollesgaard
C J Nolan
J Tsatsas*
A R Wooldridge FICS

**Ballot Director*

Baltic Exchange Derivatives Trading Limited

P C Over* (*Chairman*)
D L Dunn
J Foyle*
J Penn
P Stuart-Smith
C Weston

**Independent Non-Executive Director*

6 meetings
Average attendance by Directors: 97%

Baltic Exchange Information Services Limited

S Albertijn (*Chairman*)
D L Dunn
B F Goodall
P B Kerr-Dineen
H G Liddell
J Lollesgaard
A R Wooldridge
Ex-officio and by invitation:
Chairman – FMIUG-Dry
Chairman – FMIUG-Tankers
Chairman – FFABA-Dry
Chairman – FFABA-Tankers

Secretary: R King
6 meetings
Average attendance by Directors: 79%

Chief Executive and Secretary

J Penn (*Chief Executive*)
C Weston FCA (*Company Secretary*)

Committees 2015/2016

Investments and Charities

L C Varnavides (*Chairman*)
J Tsatsas
H J Fafalios
Secretary: C Weston
5 meetings
Average attendance by Directors: 93%

Membership and Member Services

C J Nolan (*Chairman*)
C Bacon
A C Carroll
J M Hadjipateras
By invitation:
R H Goodall
E B Mavroleon
Secretary: J A Harrison
9 meetings
Average attendance by Directors: 92%

Remuneration

G M Campbell (*Chairman*)
S Albertijn
D L Dunn
C J Nolan
L C Varnavides
1 meeting
Attendance: 100%

Up to twelve Directors of The Baltic Exchange Limited are elected by the shareholders and up to three "Ballot Directors" are elected by representatives of member companies.

All Directors are non-executive and direct the work of the Exchange through the subsidiary company Boards and committees (which are set out above) and the staff of the Exchange. The Board had 9 meetings for 2015/16 with an average attendance of 86%.

Directors' and Senior Management Biographies

Directors

Stefan Albertyn (40)

He joined the Board in 2012 having been FMIUG Chairman in 2009- 2010. He joined Deutsche Bank AG in 1999 holding various corporate and investment banking positions in Germany and Belgium before joining ADM's Alfred C Toepfer International GmbH shipping department in 2005, becoming its Global Head of Risk Management in 2010. In 2015 he joined Ocean Finance & Consulting BVBA (Oficon), a niche consultant in risk management for the shipping and agri-industries, as Managing Director. He has been a guest lecturer in ship finance at Hamburg University since 2009 where he was a founding member of the Hamburg Financial Research Centre. Furthermore he is a member of various shipping, financial and grain trading associations in Belgium and Germany, and is actively engaged in the alumni groups Alechia and VEUK. Stefan studied economics at the Universities of Antwerp and Konstanz and has authored various publications on ship finance and financial derivatives.

Catharine Bacon (60)

She re-joined the Board in 2014 as a Ballot Director having served in this position in 1993-1996 during which the Baltic relocated to its current building after the former building was damaged by the IRA Bomb. She has been a Baltic member and was a Cargill employee since graduating from London University in 1977 until 2016, mostly chartering grain and sugar interrupted by 3 years in the clean petroleum products market. Recent responsibilities included the bagged sugar freight for the joint venture Alvean as well as sourcing, training and developing the many trainees who started in Cargill's London office. She has served for several years as a trustee of the Baltic Exchange Charitable Society and is on the LMAA Supporting Members Liaison Committee. She holds mediation accreditation from CEDR.

Guy Campbell (49)

He joined the Board as a Shareholder Director in 2009. He is General Manager (Atlantic) at the China Navigation Company, the deep sea ship owning and operating arm of the Swire Group. He has been a member of the Baltic Exchange since 1991 having worked for J E Hyde & Co Ltd, Koch Carbon LLC and Clarksons plc prior to joining China Navigation. His shipping career has included dry cargo broking, chartering, operations and freight trading activities.

Anthony Carroll (60)

He was elected to the Board as Shareholder Director in 2012. He became a member of the exchange in 1976 for P & O subsidiary Anderson Hughes. His whole career has been spent in the shipbroking and shipping services industry, primarily in the dry cargo sector, with senior roles at Celtic Maritime, Midship Marine, Braemar, British Marine and Gray Page.

Duncan Dunn (52)

He was elected a Shareholder Director of the Baltic in 2009. He joined SSY Futures Ltd, part of the Simpson Spence Young group, in 2004 and is now a senior director, responsible for business development, marketing and regulatory compliance. He has worked principally in the derivatives industry since 1986 in both broking and fund management roles at companies including Rudolf Wolff Fund Management, Union Plc and Man Financial.

Haralambos Fafalios (55)

He first joined the Board in 2006 and after serving 8 years was re-elected in July 2015. He has worked as a Baltic shipbroker for 32 years with the same company and is actively engaged in Chartering on a daily basis. Previously he worked in marine insurance, banking, all aspects of shipbroking (dry, wet, sale and purchase, research) and a couple of stints at sea. Presently sits on various industry committees.

Betina Goodall (49)

She joined the Board in 2014 and has been a member of the Baltic Exchange since 1989. She joined Clarksons in 1990 and is director of H. Clarkson & Co. and Clarksons Platou Futures Limited where she heads up the Supramax/Handy freight derivatives broking team. In 2007 she was Chair of the FFABA.

John M Hadjipateras (46)

He joined the Board in 2015 as a Ballot Director. He joined John C. Hadjipateras & Sons Ltd in 1993 as Technical Superintendent, having studied Naval Architecture and Ocean Engineering (BEng) at University College London and then Shipping, Trade and Finance (MSc) at City University. He has been serving as Technical Director in the family-run business since 2010, operating modern bulk carriers. He has been a Council Member of the Greek Shipping Co-operation Committee since 2002. John is a Member of the Royal Institution of Naval Architects. He was invited to Lloyd's Register's Marine Advisory Committee from its inauguration in 2012 and was elected to Lloyd's Register's Technical Committee in 2014.

Peter Kerr-Dineen (62)

He has been a member of The Baltic since 1976, previously serving as a Director between 1998 and 2005. During that time he chaired the FIFC and was Chairman in 2003-2005. He is chairman of the Howe Robinson Group of companies, including its principal subsidiaries of Howe Robinson Partners Pte Ltd, Maritime Strategies International Ltd and Shyvers Savoy Shipping Co Ltd. He is also a director of The Great Eastern Shipping Company (London) Ltd, and of P and M Consulting Services Ltd.

Henry Liddell (52)

He joined the Board in 2013 and is managing partner, Tankers at Howe Robinson Partners and was formerly at ICAP Shipping. Henry was a founder partner of Capital Shipbrokers in 1993 and prior to that worked at Giles Pritchard-Gordon as a tanker broker. He started his shipping career at Killick Martin followed by 3 years as a ship operator at Fednav. Henry is a Fellow of the Institute of Chartered Shipbrokers.

Jesper Lollesgaard (51)

He joined the Board in 2013 and has been a member of the Baltic Exchange since 1985. He has worked in the shipping industry in England, Canada and France. He has held senior positions with ship owners, operators and diversified mining companies and been engaged both in the physical and the derivatives markets. Jesper has run his own broking company since 1998, currently representing a rapidly growing ship owner/operator.

Colm Nolan (66)

He joined the Board in 2010 and has been a member of the exchange since 1974, currently representing MG Shipping Enterprises Ltd, a ship owner and ship manager in Athens where he is director and vice president. He was dry cargo chartering manager of Agelef Shipping London for some 20 years and after a period as sole trader and consultant to various shipping companies joined MG Shipping in 2015. He also acts as an expert witness and is vice chairman of the London Shipowners and Shipbrokers Benevolent Society.

John Tsatsas (71)

He rejoined the Board as a Ballot Director in 2013 having previously served as a Shareholder Director (2007-2011) and a Ballot Director (2001-2003). With over 50 years' experience in shipping he is managing director of Victoria Steamship Company Ltd and has occupied senior executive positions on the boards of UK companies. He is a practicing arbitrator, full member and, between 2008 and 2011 was the past President of the London Maritime Arbitrators'

Association (LMAA). He was a BIMCO director between 1979 and 1985 and was Chairman of the documentary committee and member of the executive committee and board between 2003 and 2009. He is a Chartered Arbitrator and a panel arbitrator in Hong Kong, Korea, Singapore, China and Greece and a trained mediator. He is a fellow of the Institute of Chartered Shipbrokers, the Chartered Institute of Logistics and Transport, the Chartered Management Institute and the Chartered Institute of Arbitrators. He is a Liveryman of the Worshipful Company of Shipwrights.

Lambros Varnavides (66)

He was elected to the Baltic Board as a Shareholder Director in 2009. He worked for The Royal Bank of Scotland Group from 1974 to 2014, having previously studied at University College, London and then the London School of Economics. He has a BSc(Econ), MSc(Econ) and M.Phil in Economics. Apart from a short interval in Credit Control, he remained in the Shipping Division of the Bank for his entire career. In 1998 he was appointed Director of Shipping with responsibility for all the Bank's shipping activities and following the merger with ABN in 2007 he was appointed Managing Director and Global Head of Shipping. He is the Senior Trustee and Chairman of the Grants Committee of the Lloyds Register Foundation which is one of the UK's largest charities. He is also a Court Assistant of the Worshipful Company of Shipwrights and chairs the Finance Committee.

Adrian Wooldridge (45)

He is the Chief Commercial Officer of Navios Maritime Acquisition Corporation. Prior to joining Navios he was the Freight Trading Manager for Shell Trading, Barbados, having also worked for Shell Trading in London engaged in tanker chartering and derivative trading. He started his career in 1989 with the G P Livanos group. He is a Fellow of the Institute of Chartered Shipbrokers and holds an MBA from Warwick Business School. He joined the Board in 2011.

Senior Management

Jeremy Penn (57)

He joined the Baltic in 2003 as Chief Executive elect. He has over 30 years' experience of general management, marketing and product development relating to financial information and associated technology products. He spent 20 years with Reuters Group PLC, during which time he lived and worked in Zimbabwe, Morocco, Hong Kong, Australia, Singapore and the USA as well as the UK. He was appointed to Reuters executive committee in 1997. He is a Director of Maritime London and serves on the board of Maritime UK. He is a trustee of the National Maritime Museum.

Clive Weston (59)

He joined the Baltic as Chief Financial Officer in 2014. He qualified as a chartered accountant in 1982 and spent 15 years with EY in their Entrepreneurial Services Department before leaving to become European CFO of hedge fund Moore Capital. Before joining the Baltic he served as CFO of two software companies, VoxGen Ltd and Actant AG, the latter a developer of equity derivatives trading platforms.

Panel Reporting Companies

CAPE SIZE INDEX PANELLISTS

Arrow Chartering (UK) Ltd
 Banchemo-Costa & C s.p.a.
 Barry Rogliano Salles (London)
 Clarksons Platou
 Fearnleys A/S
 E A Gibson Shipbrokers Ltd
 Howe Robinson Partners (UK) Ltd
 Ifchor SA
 Ildo Chartering Corporation
 Leman Shipping Services SA,
 Geneva
 Simpson Spence Young Ltd
 Thurlstone Shipping Ltd

PANAMAX INDEX PANELLISTS

Acropolis Chartering & Shipping Inc
 Arrow Chartering (UK) Ltd
 Banchemo-Costa & C s.p.a.
 Chinica Shipbrokers Ltd
 Clarksons Platou
 Fearnleys A/S
 E A Gibson Shipbrokers Ltd
 Hai Young International Co Ltd
 Howe Robinson Partners (UK) Ltd
 Ifchor SA
 Leman Shipping Services SA,
 Geneva
 Optima Chartering
 Simpson Spence Young Ltd
 Thurlstone Shipping Ltd
 Yamamizu Shipping Co Ltd

BALTIC PANAMAX ASIA PANELLISTS

Arrow Asia Shipbrokers Pte Ltd
 Chinica Shipbrokers Ltd
 Clarksons Platou Asia Pte Ltd
 Howe Robinson Partners Pte Ltd
 (Singapore)
 Ifchor Hong Kong
 Simpson Spence Young (Singapore)
 Thurlstone Shipping Singapore Pte Ltd
 Yamamizu Shipping Co Ltd

SUPRAMAX INDEX PANELLISTS

Arrow Chartering (UK) Ltd
 Ausea Shipping Beijing
 Clarksons Platou
 Hartland Shipping
 Howe Robinson Partners (UK) Ltd
 Ifchor SA
 John F Dillon & Co
 Lightship
 Rigel Shipping Ltd
 Simpson Spence Young Ltd
 Yamamizu Shipping Co Ltd

BALTIC SUPRAMAX ASIA PANELLISTS

Ausea Shipping Beijing
 Braemar ACM (Sydney)
 Clarksons Platou Asia Pte Ltd
 Galbraith's Ltd (Shanghai)
 Howe Robinson Partners Pte (HK)
 Ildo Chartering Corporation
 InterOcean New Delhi
 Simpson Spence Young (Singapore)
 Yamamizu Shipping Co Ltd

BALTIC EXCHANGE HANDYSIZE INDEX PANELLISTS

Ausea Shipping Beijing
 Barry Rogliano Salles (France)
 Braemar ACM (Singapore)
 Clarksons Platou Asia Pte Ltd
 Clarksons Platou Shipbroking
 (Switzerland) S.A
 Doric Shipbrokers S.A.
 Hartland Shipping
 Howe Robinson Partners (UK) Ltd
 Lightship
 Rigel Shipping Ltd
 Simpson Spence Young Ltd
 Simpson Spence Young (Singapore)
 H. Vogemann GmbH
 Yamamizu Shipping Co Ltd

BALTIC INTERNATIONAL TANKER ROUTES PANELLISTS

Barry Rogliano Salles
 Bassoe (P.F.) A/S & Co
 Braemar ACM
 Bravo Tankers s.r.l.
 Charles R Weber Company Inc
 Clarksons Platou
 Clarksons Platou Asia Pte Ltd
 Clarksons Platou Geneva
 Clarksons Platou Houston
 Eastport Chartering Pte Ltd
 Fearnleys A/S
 Galbraith's Ltd
 E A Gibson Shipbrokers Ltd
 Howe Robinson Partners (UK) Ltd
 Mallory Jones Lynch Flynn & Assoc. Inc
 McQuilling Brokerage Partners Inc
 (New York)
 McQuilling Brokerage Partners Asia
 Odin Marine (Singapore) Pte Ltd
 Poten & Partners NY
 Simpson Spence Young Ltd
 Simpson Spence Young (Singapore)
 SSY Tankers (New York) LLC
 True North Chartering LLC

BITR ASIA PANELLISTS

Braemar ACM (Singapore)
 Clarksons Platou Asia Pte Ltd
 Eastport Chartering Pte Ltd
 Howe Robinson Partners Pte Ltd
 (Singapore)
 McQuilling Brokerage Partners Asia
 Odin Marine (Singapore) Pte Ltd
 Simpson Spence Young (Singapore)
 Taipan Shipbrokers Pte Ltd
 Vantage Shipbrokers

BALTIC LIQUIFIED PETROLEUM GAS ROUTE PANELLISTS

Braemar ACM
 Clarksons Platou
 Fearnleys A/S
 E A Gibson Shipbrokers Ltd
 Hesnes Gas
 Inge Steensland AS
 Lorentzen & Stemoco AS
 Poten & Partners (UK) Ltd

BALTIC SALE AND PURCHASE ASSESSMENT PANELLISTS

Arrow Chartering (UK) Ltd
 Banchemo-Costa & C. s.p.a.
 Barry Rogliano Salles (France)
 Compass Maritime Services LLC
 Fearnleys A/S
 Golden Destiny
 Lorentzen & Stemoco AS
 Mallory Jones Lynch Flynn & Assoc. Inc
 Optima Chartering Ltd
 Simpson Spence Young Ltd
 Yamamizu Shipping Co Ltd

BALTIC DEMOLITION PANELLISTS

Clarksons Platou
 Compass Maritime Services LLC
 J V Shipping
 Optima Chartering Ltd
 Simpson Spence Young Ltd

BALTIC FORWARD ASSESSMENT PANELLISTS

Braemar ACM-GFI
 BRS Futures Ltd
 Clarksons Platou Futures Ltd
 Freight Investor Services Ltd
 GFI Brokers Ltd
 ICAP Shipping Derivatives Ltd
 Marex Spectron
 SSY Futures Ltd

BALTIC OPTIONS ASSESSMENT PANELLISTS

Clarksons Platou Futures Ltd
 Freight Investor Services Ltd
 GFI Brokers Ltd
 SSY Futures Ltd

Strategic Report

This Strategic Report emphasises matters which are significant to The Baltic Exchange Limited and its subsidiary undertakings (the "Group") when viewed as a whole.

Review of the business

Turnover was 11.1% up at £6.697 million while costs increased by 8.7%, delivering 34% improvement in operating profit for the year of £0.745 million.

It was a turbulent year on global stock markets and despite reducing our exposure by liquidating half of the investment portfolio in September we still suffered £0.978 million in losses. This compares to £1,689 million of gains last year. The smaller portfolio also generated 27% less investment income, down £145k to £0.392 million.

Offsetting investment losses somewhat we are due to receive a total of £0.880 million in rights of light compensation from the developers of two adjacent properties at 22 and 100 Bishopsgate.

Membership

At the end of March 2016 the number of corporate members stood at 636 compared with 645 last year. Revenue from membership activities increased 14.3% to £5.468 million delivering a profit of £0.587 million, an improvement of £0.421 million in profit over last year. The key factor was the substantial additional revenue generated from clearing houses for information services, as we enjoyed the £0.345 million full year effect of the new fee arrangements; and an additional £0.365 million for use of the Baltex platform bringing Baltex revenues up to £0.539 million, sufficient to generate a profit for the first time since it launched five years ago.

Revenue from member subscriptions and member access to freight market information was almost unchanged from last year at £2.581 million while online sales of information by direct subscription increased 3.7% to £0.361 million. The average number of logons to the website was 30,558 per month, almost exactly the same as the 30,527 average of last year.

Revenue from information vendors recovered slightly, increasing 2.4% to £0.920 million with the number of members who access our data via an automated feed increased from 66 to 71.

Operating costs

Operating costs were budgeted to increase £354k to £5.827 million in anticipation the cost of increasing our presence in Shanghai without the benefit of certain Chinese government subsidies, the return of business rates to normal levels after receiving five years' worth of rate reductions last year and additional costs to support Baltic Member Jeffrey Evans' tenure as City of London Lord Mayor. Costs were £125k over budget at £5.952 million, despite making useful cost savings in Baltex, largely the result of legal costs associated with the potential acquisition of the Company by the Singapore Exchange.

Property

Our property at 38 St Mary Axe has continued to perform well generating income of £1.229 million and profit of £0.396 million, excluding the rights of light compensation receivable. This compares to £1.246 million and profit of £0.493 million last year.

Occupancy levels were 100% for the majority of the year. After a long-term lease on part of the first floor expired we converted the space to four smaller offices and were able to rent them under licence within one to six months. The higher rents achieved have already covered the cost of conversion and have set up next year to be more profitable.

The Company has occupied the building without major refurbishment for over 20 years and plans to modernise and upgrade the building are still under consideration by the Board. We would like to improve the offer we are able to make for our conference facilities and in particular have more suitable space to host maritime arbitrations. We also need to modernise the space occupied by Baltic staff and replace air conditioning and distribution plant throughout the building. This project requires listed buildings consent requiring the City of London Corporation approval. If we are able to obtain a satisfactory outcome from negotiations, and a detailed business plan can be developed to provide an adequate return on the substantial investment required we will formally consult shareholders before going ahead.

Investments

The investment portfolio delivered a total return, after fund management fees, of 5.6% loss, which compares with 10.8% profit in the previous year.

Strategic Report (continued)

Other Activities

Dispute resolution

The Company, through its Membership Committee, plays a key role in resolving disputes over money owed to members (both large and small amounts). A total of \$0.6m was collected in the year on behalf of members compared to \$0.7m last year (plus a \$0.8m one-off amount).

Baltic Charities

The Baltic Charitable Fund and the Bonno Krull Fund are supervised on behalf of the Board by the Investments and Charities Committee. In addition to supporting the charitable activities of members, the charities support various educational endeavours, especially those of a maritime nature and a number of other shipping-related charities and causes. Last year the Baltic Charitable Fund distributed £51,060 and the Bonno Krull Fund £11,838.

Sports and social

We have continued to provide financial support to the Young Baltic Association and to the various sports clubs. The Cricket Club, Sailing Association, Golf Society, Football Club and the newly-formed Rugby Club have all received help in the year.

Principal risks and uncertainties

FFA volumes and competition between clearers

The business model of Baltex depends for its continuing success on the market position of LCH.Clearnet relative to other clearers and the continued support of FFA brokers. Similarly the business model of BEISL, which distributes Baltic market information, is highly dependent on clearing house revenues from trading in FFAs.

The Company intends to renegotiate contracts with clearers such that its revenues are more directly related to trading volumes rather than clearing revenues; and Baltex intends to diversify by exploring opportunities for new revenue streams. In addition, regulatory developments in the future may offer Baltex further opportunities.

Regulation

The EU Benchmarks regulation is now in its final textual form, but is subject to considerable further technical rulemaking by ESMA. We consider, following substantial intervention by the Baltic, that the basic draft of the Regulation represents a satisfactory outcome for the Baltic and threatens neither our

business model, nor our relationship with our contributing panelists. We will be working closely with ESMA to ensure the technical implementation details are similarly satisfactory.

The Markets in Financial Instruments Directive and the accompanying Regulation (MiFID 2) is complex and early drafts of ESMA's Regulatory Technical Standards for the implementation of the Regulation had the potential to cause significant damage to the FFA market and the business of the Baltic. Following significant intervention from ourselves this threat has now receded.

Despite our lobbying successes there remains a long-term risk to our business from further regulation of our business or of shipping and related markets.

Brexit

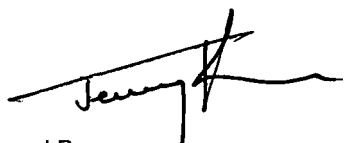
Recognising the international nature of shipping and of the Baltic, we do not consider that Brexit represents a substantial or immediate threat to our business. In the longer run, damage to the FFA market as a whole from the UK's position, or an issue related to the Baltic and its members' ability to "passport" in Europe could have an impact.

SGX acquisition

The Board considers that the acquisition of the Baltic by The Singapore Exchange represents a desirable and positive outcome for the Exchange. In the event that the transaction does not go ahead then the Board will review the plans for the Baltic as a stand-alone, independent business.

Chief Executive

The Chief Executive has tendered his resignation but has agreed to stay long enough to facilitate recruitment of a replacement in the event the SGX transaction does not take place. A recruitment company has been engaged to manage the process and anticipates no difficulty in finding a suitable replacement.



J Penn
Chief Executive
4 August 2016

Directors' Report

The Directors of the Company have pleasure in presenting their one hundred and fifteenth Annual Report together with the financial statements and auditors' report for the year ended 31 March 2016.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

Directors

The Directors of the Company at 31 March 2016 are shown on page 1. All have been Directors for the whole year ended on that date, with the exception of J M Hadjipateras and H J Fafalios who took office during the year.

In accordance with the Articles of Association G M Campbell and C N Nolan will retire as Shareholder Directors at the next Annual General Meeting. Nominations to fill the vacancies have been received from Vasilios Mouyis, of Doric Shipbrokers SA, and Colm Nolan who was eligible for re-election. Both have been elected unopposed and are due to be appointed at the next Annual General Meeting.

Holdings of the Directors in the Shares of the Company

The interests of the Directors in the ordinary shares of the Company at 31 March 2016 and 1 April 2015 (or the date of appointment as a Director if later) were:

Shareholdings	At 1 April 2015 or date of appointment as a Director	At 31 March 2016
	Ordinary 50p shares	Ordinary 50p shares
S Albertijn	1,460	1,460
C Bacon	500	500
G M Campbell	50	50
A C Carroll	50	50
D L Dunin	500	500
H F Fafalios (appointed 9 July 2015)	2,800	2,800
B F Goodall	50	50
J M Hadjipateras (appointed 9 July 2015)	-	50
P B Kerr-Dineen	1,600	1,600
H G Liddell	-	-
J Lollesgaard	1,315	820
C J Nolan	50	50
J Tsatsas	500	500
L C Varnavides	50	50
A R Wooldridge	50	50

Directors' Report (continued)

Activities

The principal activities of the Group are to provide a self-regulated market, freight market information and facilities, including a Multilateral Trading Facility regulated by the Financial Conduct Authority for the trading of forward freight agreements, for its members who together constitute the principal world marketplace for bulk freight and who trade derivatives and commodities.

Current position

The financial position of the Baltic remains sound, with almost £20 million net assets of which half is held in cash and readily realisable securities.

The Baltic is a global brand that enjoys an enviable reputation and command a central position in the global shipping marketplace.

Future developments

The budget for 2017 anticipates turnover in excess of £7m and operating profit of £1.4m. The principal driver of this growth being the information services business partly a result of renegotiated contracts with clearing houses.

At a General Meeting of shareholders expected to be called for 15 September 2016 the Directors will recommend to that shareholders accept an offer from the Singapore Exchange ("SGX") to buy the Company. Conditional on its acceptance the Company would declare a special dividend payable immediately prior to the acquisition of approximately £19.20 per share. If the acquisition is rejected by shareholders the Company will call an Annual General Meeting (AGM) at the earliest available opportunity to conduct the normal business of an AGM, appointing the new directors, declaring a dividend and appointing the auditors.

Financial risk management objectives and policies

Due to the nature of the Group's business and its financial position the Directors consider that of the primary components of financial risk (currency risk, market risk, credit risk, interest rate risk, liquidity risk, cash flow risk, and price risk) the risks most relevant to the Group are market risk and currency risk.

Currency risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward

contracts to hedge these exposures.

Market risk

Market risk in relation to the investment portfolio is mitigated by the Group's investment strategy which over the course of the year resulted in the decision to liquidate half the portfolio and set in motion the liquidation of the remainder post year end.

Cash flow and Liquidity risk

The Group is able to maintain liquidity and ensure sufficient funds are available for ongoing operations and future developments by collecting annual membership fees and subscriptions in advance and has recourse to its investment portfolio comprised of readily realisable securities.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables but, based on previous experience the incidence of bad debts is extremely low. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Going concern

The Directors of The Baltic Exchange Limited, having made appropriate enquiries, consider that adequate resources exist to continue in operational existence for the foreseeable future and, therefore, it is appropriate to adopt the going concern basis in preparing the accounts for the year ended 31 March 2016.

Dividends

Interim dividends of £20.00 and £0.45 per ordinary share were paid to shareholders on 30 November 2015 and 29 January 2016 respectively. In light of the future developments noted above the Directors are not in a position to recommend a final dividend for the year.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for a further term and a resolution regarding the appointment of the auditor will be proposed at the next Annual General Meeting.

Directors' Report (continued)

Statement as to disclosure of information to the Company's auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board



C Weston
Company Secretary

The Baltic Exchange
St. Mary Axe
London EC3A 8BH
4 August 2016

Report on Directors' Remuneration

This report on Directors' remuneration is prepared in accordance with the resolution approved by shareholders at the Extraordinary General Meeting held on 19 April 2007 which established the requirement to present a report on Directors' remuneration to the Annual General Meeting each year for adoption by shareholders.

Directors may also receive remuneration for additional services provided to the Baltic.

This report has been approved by the Board and signed on its behalf by G M Campbell. A resolution to approve this report will be proposed at the next Annual General Meeting.

The total remuneration of the Board of Directors of The Baltic Exchange Limited is fixed by the Articles and was last increased in 2008 to a maximum of £47,000 per year.

For the year ended 31 March 2016, the remuneration of the Directors was as follows:

	£
S Albertijn	1,500
C Bacon	1,500
G M Campbell	20,000
A C Carroll	1,500
D C Dragazis	375
D L Dunn	1,500
H F Fafalios	1,125
B F Goodall	1,500
J M Hadjipateras	1,125
P B Kerr-Dineen (<i>see note below</i>)	1,500
H G Liddell	1,500
J Lollesgaard	1,500
C J Nolan	1,500
J Tsatsas	1,500
L C Varnavides (<i>see note below</i>)	7,500
A J Westbrook	375
A R Wooldridge	1,500
Total	£ 47,000

No Director received any remuneration for additional services provided to the Baltic.

D C Dragazis and A J Westbrook resigned as Directors on 9 July 2015.

P D Kerr-Dineen has requested that his remuneration be donated to charity.

L C Varnavides has requested that his remuneration as vice-chairman in excess of his £810 Baltic membership fee be donated to the Baltic Exchange Charitable Fund.

Directors' Responsibilities Statement

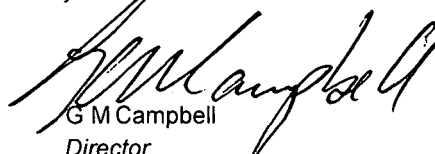
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



G M Campbell
Director

4 August 2016

Independent Auditor's Report

We have audited the financial statements of The Baltic Exchange Limited for the year ended 31 March 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related Notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is

apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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; or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.



Georgina Robb FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
4 August 2016

Consolidated Profit and Loss Account

for the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	6,697,049	6,028,167
Total cost of sales and administrative expenses		(5,952,103)	(5,473,281)
Operating profit	4	744,946	554,886
Income and returns from investments	5	(586,442)	2,225,344
Profit from ordinary activities before exceptional items		158,504	2,780,230
Rights of light settlements	6	880,000	-
Provision for insurance claim	15	-	(140,000)
Profit before taxation	3	1,038,504	2,640,230
Taxation	8	(69,934)	(385,953)
Profit for the financial year	16	968,570	2,254,277

There are no items of other comprehensive income therefore no separate statement of comprehensive income has been prepared.

There are no discontinued or acquired operations.

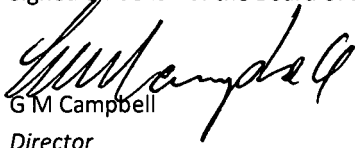
Consolidated Balance Sheet

As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible fixed assets	10	9,265,976	9,539,273
Intangible fixed assets	11	256,344	302,093
Investments	12	9,464,653	19,870,515
		18,986,973	29,711,881
Current assets			
Debtors	13	2,542,690	1,597,505
Cash at bank and in hand	18	596,799	983,014
		3,139,489	2,580,519
Creditors			
Amounts falling due within one year	14	(1,909,738)	(1,703,813)
Net current assets		1,229,751	876,706
Total assets less current liabilities		20,216,724	30,588,587
Provisions for liabilities	15	(411,049)	(918,003)
Net assets		19,805,675	29,670,584
Capital and reserves			
Called up share capital	16	241,930	241,930
Share premium account	16	5,030	5,030
Capital redemption reserve	16	28,070	28,070
Profit and loss account	16	19,530,645	29,395,554
Shareholders' funds		19,805,675	29,670,584

The financial statements of The Baltic Exchange Limited (Company registration number 64795) were approved by the Board of Directors and authorised for issue on 4 August 2016.

Signed on behalf of the Board of Directors


G M Campbell
Director

Consolidated Statement of Changes in Equity

for the year ended 31 March 2016

	Share capital £	Share premium £	Capital redemption reserve fund £	Profit and loss £	Total £
Balance at 31 March 2014 as previously reported	241,930	5,030	28,070	25,376,922	25,651,952
Prior year adjustment (Note 19)	-	-	-	2,805,887	2,805,887
Balance at 31 March 2014 as restated	241,930	5,030	28,070	28,182,809	28,457,839
Dividends unclaimed after 6 years	-	-	-	22,960	22,960
Net profit for the year ended 31 March 2015	-	-	-	2,254,277	2,254,277
Other comprehensive income for the year	-	-	-	-	-
Dividends paid (Note 9)	-	-	-	(1,064,492)	(1,064,492)
Balance at 31 March 2015 as restated	241,930	5,030	28,070	29,395,554	29,670,584
Dividends unclaimed after 6 years	-	-	-	29,178	29,178
Net profit for the year ended 31 March 2016	-	-	-	968,570	968,570
Other comprehensive income for the year	-	-	-	-	-
Dividends paid (Note 9)	-	-	-	(10,862,657)	(10,862,657)
Balance at 31 March 2016	241,930	5,030	28,070	19,530,645	19,805,675

Consolidated Cash Flow Statement

for the year ended 31 March 2016

	Note	2016 £	2015 £
Net cash inflow from operating activities	17	1,227,536	477,671
Returns on investment and servicing of finance			
Interest received	5	76,462	126,252
Dividends received	5	315,231	409,871
Net cash inflow from returns on investment and servicing of finance		391,693	536,123
Taxation		(552,322)	(109,799)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	10	(47,606)	(141,471)
Payments to acquire fixed asset investments	12	(3,593,127)	(3,747,967)
Receipts from sales of fixed asset investments	5,12	13,020,860	4,072,863
Net cash inflow from capital expenditure and financial investment		9,380,127	183,425
Equity dividends paid	9	(10,833,249)	(1,014,131)
Net cash (outflow)/inflow before use of Liquid resources		(386,215)	73,289
(Decrease)/increase in cash	18	(386,215)	73,289

Notes on the Accounts

1. Accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the Companies Act on a going concern basis. These have been applied consistently in the current and preceding year. The particular accounting policies adopted are described below.

a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The prior year accounts were restated for material adjustments on adoption of FRS 102 in the current year. For more information see Note 19.

b) Functional currency

is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company and its subsidiary undertakings (the Group) operates.

c) Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of all Group undertakings made up to 31 March 2016. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the accounts of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its own accounts, which are presented on pages 28 to 30.

d) Going concern

Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The Directors' Report describes further the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. The current economic conditions create uncertainty particularly over the level of demand for the Group's services; and the impact on certain revenue streams from the volatility of the exchange rate between sterling and US dollars.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate without any future borrowings and the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual accounts.

e) Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write off the assets to their residual value on a straight-line basis during their expected normal lives at varying rates depending on the type of asset.

The principal annual rates of depreciation used for this purpose are freehold buildings 1%, building plant 4%, other plant and equipment 25%, fittings 10% and furniture 25%. An annual rate of depreciation of 25% is applied on the Baltex platform assets. No depreciation is provided on freehold land.

Notes on the Accounts

f) Intangible fixed assets

Expenditure on bespoke software applications is capitalized and stated at cost less amortisation and any provision for impairment. Amortisation is calculated to write off the assets on a straight-line basis over the period during which the Group is expected to benefit, typically over five years.

g) Financial instruments

i. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs). Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. With the exception of some forward currency contracts the Group has no debt instruments. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers substantially all of the risks and rewards of ownership of the financial asset to another party, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii. Fixed asset investments

Long-term investment in portfolios managed by third party fund managers, where investments are in publicly traded shares or instruments where fair value can be reliably measured, are carried at fair value. Fixed asset investments include short-term deposits held for future reinvestment.

iii. Investments in subsidiaries

In the Company balance sheet, investments in subsidiaries are measured at cost less any impairment.

iv. Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

v. Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

vi. Equity instruments

Ordinary shares issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Notes on the Accounts

h) Foreign currency

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

i) Turnover.

Turnover represents amounts receivable for the sale of shipping data, membership fees and rental income at invoiced amounts excluding value added tax. Turnover from shipping data and memberships is recognised on a straight-line basis over the period to which it pertains. Rental income is recognised in the Profit and Loss Account on a straight-line basis over the term of the lease. Amounts received in advance are included in deferred income.

j) Employee benefits.

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

k) Taxation

i. Current tax

Current tax, comprising UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

ii. Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Notes on the Accounts

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of any revisions are recognised in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

No critical judgements were required to be made and there were no key sources of estimation uncertainty that would have a material effect on the accounts for the year ended 31 March 2016.

3. Analysis of turnover and profit on ordinary activities before taxation

Turnover comprises amounts receivable excluding Value Added Tax by the Group for services provided. All the turnover shown below was earned in the United Kingdom except for £612,528 earned in Singapore from services to members in the Asia-Pacific region (2015: £563,877). Property income represents income rents and service charges receivable from tenants at 38 St Mary Axe, London.

The contributions to turnover and profit before taxation are set out below:

	Turnover		Profit before taxation	
	2016	2015	2016	2015
	£	£	£	£
Membership activities	5,467,833	4,782,142	587,436	166,536
Property	1,229,216	1,246,025	1,275,752	493,359
Income and returns from investment	-	-	(824,684)	1,980,335
	6,697,049	6,028,167	1,038,504	2,640,230

4. Operating profit

	2016	2015
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets (Note 10)	320,903	322,903
Amortisation of intangible fixed assets (Note 11)	45,749	102,605
Foreign Exchange (gains)/losses	(24,423)	(4,716)
Directors' Fees	47,000	41,000
Fees payable to the Company's auditors for the audit of the Company's annual report and accounts	35,170	31,913
Fees payable to the Company's auditors and their Associates for other services to the Group		
– Tax	20,000	20,300
– Other services	1,480	1,400

Notes on the Accounts

5. Income and returns from investments

	2016 £	2015 £
Income from fixed asset investments (see Note 12):		
Dividends on listed investments	315,231	409,996
Interest on gilts, bonds and other listed investments	72,220	124,128
Interest on deposits	2,154	1,484
Other interest receivable and similar income	2,088	640
Total investment yield	391,693	536,248
Realised gains on the disposal of investments	1,781,643	443,339
Profit/(loss) on fair value movement of investments (Note 12)	(2,759,778)	1,245,771
Total net capital (loss)/return on investment	(978,135)	1,689,110
Total income and returns from investments	(586,442)	2,225,358

After fund management fees of £211,879 (2015: £149,952) and certain internal cost allocations, investment activities recorded a pre-tax loss of £824,684 (2015: profit of £1,980,335) – see Note 3.

6. Rights of light settlements

Income from rights of light settlements of £880,000 (2015: £nil) represents compensation payments receivable from the developers of two adjacent properties at 22 and 100 Bishopsgate.

7. Employee information

The average number of people employed by the Company during the year was 30 (2015: 28). At the year end there were 29 staff (2015: 28).

Employment costs of all employees included above (which excludes Directors) comprised:

	2016 £	2015 £
Gross wages and salaries	2,279,586	2,204,963
Employer's national insurance and state pension contributions	282,341	284,104
Employer's pension contributions	158,620	155,645
	2,720,547	2,644,712

Notes on the Accounts

8. Taxation

	2016 £	2015 £
The tax charge on profit for the year is calculated as follows:		
UK corporation tax	436,261	224,959
Foreign tax	25,187	28,629
	461,448	253,588
Adjustments in respect of prior years:		
UK corporation tax	(12,629)	(20,587)
Foreign tax	(11,931)	-
Total current tax	436,888	233,001
Deferred tax (Note 15)	(366,954)	152,952
	69,934	385,953

The standard rate of tax applied to the profit for the year is 20% (2015: 21%). Changes to the main rate of corporation tax were announced in Finance Act 2015 which comprised a reduction for the financial year beginning 1 April 2017 to 19% and a further reduction for the financial year beginning 1 April 2020 to 18%. In the March 2016 Budget, the Government announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2020 to 17% which was not substantively enacted at the balance sheet date.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £	2015 £
Group profit on ordinary activities before tax	1,038,504	2,640,230
Tax on Group profit on ordinary activities at the standard UK corporation tax rate of 20% (2015: 21%)	207,701	332,596
Effects of:		
Expenses not deductible for tax purposes	59,019	20,051
Depreciation on non-eligible tangible fixed assets	16,128	17,829
Different tax rates applicable in other jurisdictions	(30,343)	(22,643)
Income not taxable in determining taxable profit	(158,959)	(163,145)
Adjustments to tax charge in respect of previous years	(23,612)	(20,587)
Group total tax charge for the year	69,934	385,953

Notes on the Accounts

9. Dividends

	2016 £	2015 £
Amounts recognized as distributions during the year:		
Final dividend for year ended 31 March 2015 of £2.00 per ordinary share paid on 28 July 2015 (2014: £1.75 per ordinary share)	967,720	846,755
Special interim dividend for year ended 31 March 2016 of £20.00 per ordinary share paid on 30 November 2015	9,677,200	-
Interim dividend for year ended 31 March 2016 of £0.45 per ordinary share paid on 28 January 2016	217,737	217,737
	10,862,657	1,064,492

At the date of approving these financial statements the Directors were not in a position to recommend a final dividend for the year ended 31 March 2016.

The total dividends paid in the year, after adjustment for cheques not cashed before the year end, amounted to £10,833,249 (2015: £1,014,131).

10. Tangible fixed assets

	Freehold land and buildings £	Building Plant £	Other plant and equipment £	Furniture and fittings £	Total £
Cost					
At 31 March 2015	9,982,982	4,406,026	773,179	569,040	15,731,227
Additions	-	-	19,178	28,428	47,606
At 31 March 2016	9,982,982	4,406,026	792,357	597,468	15,778,833
Depreciation					
At 31 March 2015	1,709,179	3,289,533	713,174	480,068	6,191,954
Charged to profit and loss account	85,197	186,560	15,052	34,094	320,903
At 31 March 2016	1,794,376	3,476,094	728,226	514,162	6,512,857
Net book value					
At 31 March 2015	8,273,803	1,116,493	60,005	88,972	9,539,273
At 31 March 2016	8,188,606	929,933	64,131	83,306	9,265,976

At 29 January 2016 the freehold property was valued at £25.9 million by an external valuer, CBRE Ltd, St. Martins Court, 10 Paternoster Row, London EC4M 7HP, Chartered Surveyors. The valuation was carried out on the basis of Market Value as defined in the RICS Valuation – Professional Standards (2012) ("the Red Book"). If the accounts reflected the increase, there would be a revaluation adjustment of £16.7 million.

Notes on the Accounts

11. Intangible fixed assets

	Baltex Platform £	Index Production Platform £	Total £
Cost			
At 31 March 2015	190,616	345,630	536,246
Additions	-	-	-
At 31 March 2016	190,616	345,630	536,246
Amortisation			
At 31 March 2015	179,202	54,951	234,153
Charged to profit and loss account	11,186	34,563	45,749
At 31 March 2016	190,388	89,514	279,902
Net book value			
At 31 March 2015	11,414	290,679	302,093
At 31 March 2016	228	256,116	256,344

All intangible fixed assets are owned by the parent company with the exception of the Baltex platform, elements of which are owned by its subsidiary, Baltic Exchange Derivatives Trading Limited.

12. Investments held as fixed assets

	£
Carrying value	
At 31 March 2015	19,870,515
Additions	3,593,127
Disposals	(11,239,211)
Movement in the fair value of listed investments	(2,759,778)
At 31 March 2016	9,464,653

	2016 £	2015 £
Carrying value		
Investments quoted on a recognised investment exchange	7,449,787	15,833,311
Investments quoted on other exchanges	1,718,366	3,352,519
Short-term deposits	296,500	684,685
	9,464,653	19,870,515

Notes on the Accounts

13. Debtors

	2016	2015
	£	£
Trade debtors	692,294	420,250
Other debtors	1,683,218	984,891
Prepayments and accrued income	167,178	192,364
	2,542,690	1,597,505

14. Creditors Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	89,858	56,159
Other creditors:		
Unclaimed dividends	214,438	214,209
Corporation tax	181,597	268,404
Other taxation and social security	154,675	202,731
Accruals and deferred income	1,269,170	962,310
	1,909,738	1,703,813

15. Provisions for liabilities

	Deferred Taxation £	Insurance claim £	Total £
At 31 March 2015	778,003	140,000	918,003
Insurance claim settlement	-	(136,012)	(136,012)
Credited to profit and loss account	(366,954)	(3,988)	(370,942)
At 31 March 2016	411,049	-	411,049

	2016	2015
	£	£
Analysis of deferred tax balance:		
Fixed assets	138,805	157,576
Trading losses	(12,763)	(30,966)
Short-term timing differences	285,007	651,393
	411,049	778,003

Deferred taxation: Deferred tax is calculated at the prevailing UK corporation tax rate of 20%. The Company has no capital losses available to offset against future taxable profits (2015: £nil).

Insurance claim: The Company, together with its insurers, settled a claim for compensation from a former employee who died in 2013 as a result of Asbestos Mesothelioma. The company's uninsured proportion of the claim and associated defence costs amounted to £136,012. The unused provision was credited to profit and loss.

Notes on the Accounts

16. Called up share capital and reserves

	Number	£
Authorised ordinary shares of 50p each At 1 April 2015 and 31 March 2016	540,000	270,000
Allotted and fully paid ordinary shares of 50p each At 1 April 2015 and 31 March 2016	483,860	241,930

The Group's and the Company's other reserves are as follows (see also page 15):

- o Share premium of £5,030 arising on the original issue of shares net of any issue expenses.
- o Capital redemption reserve fund of £28,070 arising from a scheme approved by shareholders in 2006 under which the Company purchased 5,614 of its own shares with a nominal value of £5.00 per share. The reserve may only be used in future for the issue of bonus shares.
- o Profit and loss reserve of £19,530,645 (Company: £21,061,181) representing cumulative profits or losses, including unrealised net profit on the uplift of investments to fair value, net of dividends paid.

17. Net cash inflow from operative activities

	2016 £	2015 £
Operating profit	744,947	554,886
Depreciation and amortisation	366,652	425,433
(Increase) in operational debtors	(65,185)	(321,045)
Increase/(decrease) in creditors and deferred income	181,122	(181,603)
Net cash inflow from operating activities	1,227,536	477,671

18. Net cash flow

	2016 £	2015 £
Net funds at 31 March 2016	596,799	983,014
Net funds at 31 March 2015	983,014	909,725
Net(decrease)/increase in cash in the year	(386,215)	73,289

Net funds is comprised of cash at bank and in hand.

Notes on the Accounts

19. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard, primarily the requirement to carry investments in publicly traded shares or instruments where fair value can be reliably measured, at fair value.

Reconciliation of equity

	Group		Company	
	At 1 April 2014 £	At 31 March 2015 £	At 1 April 2014 £	At 31 March 2015 £
Equity reported under previous UK GAAP	25,651,952	25,951,179	27,258,062	28,036,562
Adjustments to equity on transition to FRS 102				
Reverse provisions for investments below cost	420,960	282,245	420,960	282,245
Write-off cost of acquisition of investments	(107,051)	(106,184)	(107,051)	(106,184)
Fair value adjustment to investments	3,000,463	4,194,737	3,000,463	4,194,737
Deferred tax on investments stated at fair value	(508,485)	(651,393)	(508,485)	(651,393)
	2,805,887	3,719,405	2,805,887	3,719,405
Equity reported under FRS 102	28,457,839	29,670,584	30,063,949	31,755,967

Reconciliation of profit for 2015

	Group £	Company £
Profit for the financial year under previous UK GAAP	1,340,759	1,820,032
Adjustments to profit and loss on transition to FRS 102		
Reverse reduction in provision for investments below cost	(138,715)	(138,715)
Increase profit on disposals now based on cost ex acquisition costs	51,465	51,465
Commission and fees incurred on purchase and sale of investments	(50,598)	(50,598)
Fair value adjustment to investments	1,194,274	1,194,274
Deferred tax on investments stated at fair value	(142,908)	(142,908)
	913,518	913,518
Profit for the financial year under FRS 102	2,254,277	2,733,550

Company Balance Sheet

As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible fixed assets	10	9,265,976	9,539,273
Intangible fixed assets	11	256,116	290,679
Investments	12	9,464,647	19,870,515
Investment in subsidiaries	20	3,052,925	3,052,925
		22,039,664	32,753,392
Current assets			
Debtors	21	2,168,407	1,542,415
Cash at bank and in hand		30,672	163,194
		2,199,079	1,705,609
Creditors			
Amounts falling due within one year	22	(2,491,483)	(1,785,031)
Net current (liabilities)/assets		(292,404)	(79,422)
Total assets less current liabilities		21,747,260	32,673,970
Provisions for liabilities	15	(411,049)	(918,003)
Net assets		21,336,211	31,755,967
Capital and reserves			
Called up share capital	16	241,930	241,930
Share premium account	16	5,030	5,030
Capital redemption reserve	16	28,070	28,070
Profit and loss account	23	21,061,181	31,480,937
Shareholders' funds		21,336,211	31,755,967

The Company has taken the exemption from preparing a company only profit and loss account under the provisions of S408 of the Companies Act 2006. The profit for the financial year dealt with in the individual accounts of the Company was £413,723 (2015: £2,733,550) as shown in Note 23.

The accounts of The Baltic Exchange Limited (Company registration number 64795) were approved by the Board of Directors on 4 August 2016.

Signed on behalf of the Board of Directors


G.M. Campbell
Director

Notes on the Company Balance Sheet

20. Investment in subsidiaries

Particulars of subsidiary undertakings are as follows:

	2016 £	2015 £
Name of company		
Baltic Exchange Derivatives Trading Limited	3,052,424	3,052,424
Baltic Exchange Information Services Limited	1	1
The Baltic Exchange (Asia) Pte Limited	500	500
	3,052,925	3,052,925

All companies are wholly owned by The Baltic Exchange Limited.

Baltic Exchange Derivatives Trading Limited operates a multi-lateral trading facility, regulated by The Financial Conduct Authority, to allow users to trade freight derivatives.

Baltic Exchange Information Services Limited produces and distributes bulk freight market information whilst The Baltic Exchange (Asia) Pte. Limited distributes such information to members and subscribers in the Asia region.

21. Debtors

	2016 £	2015 £
Trade debtors	355,555	286,164
Other debtors	1,445,673	613,887
Prepayments and accrued income	167,179	192,364
Amount due from subsidiaries	200,000	450,000
	2,168,407	1,542,415

The Company has provided an interest free loan of £200,000 (2015: £400,000) to Baltic Exchange Derivatives Trading Limited (BEDT) as an eligible capital substitute in accordance with the Financial Conduct Authority's rule IPRU(NV)3-63. The fair value of the loan approximates its carrying amount as the loan is considered to be repayable on demand should BEDT cease regulated activities.

Notes on the Company Balance Sheet

22. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	86,183	58,159
Amounts due to subsidiaries	990,412	303,470
Other creditors	333,782	492,928
Accruals and deferred income	866,667	718,265
Unclaimed dividends	214,439	214,209
	2,491,483	1,785,031

Amounts due to subsidiaries arise from normal trading activities between the Company and its subsidiaries. All such balances are of a short term nature. No interest is charged on such balances.

23. Profit and loss account

	£
At 31 March 2014 as previously reported	26,983,032
Prior year adjustment (Note 19)	2,805,887
At 31 March 2014 as restated	29,788,919
Dividends unclaimed after 6 years	22,960
Profit for the financial year ended 31 March 2015 (Note 19)	2,733,550
Dividends paid	(1,064,492)
At 31 March 2015 as restated	31,480,937
Dividends unclaimed after 6 years	29,178
Profit for the financial year ended 31 March 2016	413,723
Dividends paid (Note 9)	(10,862,657)
At 31 March 2016	21,061,181