

**The
Baltic
Exchange**

Directors' Report and Accounts

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COMPANIES HOUSE

31 March 2015

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Board – Directors and Secretary Committees for 2014/2015

Directors

The Baltic Exchange Limited

G M Campbell FICS (*Chairman*)

L C Varnavides (*Vice-Chairman*)

S Albertijn

C Bacon*

A C Carroll

D C Dragazis FICS

D L Dunn

B F Goodall

P B Kerr-Dineen

H G Liddell FICS

J Lollesgaard

C J Nolan

J Tsatsas*

A J Westbrook*

A R Wooldridge FICS

**Ballot Director*

Baltic Exchange Derivatives Trading Limited

P C Over (*Chairman*)

D W T Bain (*resigned 12 November 2014*)

D L Dunn

J Foyle*

J Penn

P Stuart-Smith

N Tipple* (*resigned 3 November 2014*)

C Weston (*appointed 12 November 2014*)

**Independent Non-Executive Director*

7 meetings

Average attendance by Directors: 98%

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: 85%

Chief Executive and Secretary

J Penn (*Chief Executive*)

C Weston FCA (*Company Secretary*)

Committees 2014/2015

Investments and Charities

L C Varnavides (*Chairman*)

J Tsatsas

D C Dragazis

Secretary: C Weston

4 meetings

Average attendance by Directors: 92%

Membership and Member Services

C J Nolan (*Chairman*)

C Bacon

A C Carroll

A J Westbrook

By invitation:

R H Goodall

E B Mavroleon

Secretary: J A Harrison

9 meetings

Average attendance by Directors: 85%

Remuneration

G M Campbell (*Chairman*)

S Albertijn

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 10 meetings for 2014/2015 with an average attendance of 85%.

Directors' and Senior Management Biographies

Directors

Stefan Albertijn (39)

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 (59)

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 Cargill employee since graduating from London University in 1977, mostly chartering grain and sugar interrupted by 3 years in the clean petroleum products market. Currently she is responsible for the bagged sugar freight for the joint venture Alvean as well as sourcing, training and developing the many trainees who start 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 (48)

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 (59)

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.

Demetrius Dragazis (68)

He joined the Board in 2008. He served as a director and managing director of John S. Latsis (London) Ltd and Latsco (London) Ltd, a British Tonnage Tax company specialising in product tankers and LPG vessels. He is a Fellow of the Institute of Chartered Shipbrokers, a member of the Greek Shipping Cooperation Committee and serves on other industry committees.

Duncan Dunn (51)

He was elected a Shareholder Director of the Baltic in 2009. He joined SSY Futures Ltd in 2004 and is now a senior director, responsible for business development and marketing. 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.

Betina Goodall (48)

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.

Peter Kerr-Dineen (61)

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 (51)

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 (50)

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 (65)

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

John Tsatsas (70)

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 has occupied senior executive positions on the boards of UK companies. He is a practising arbitrator, full member and, between 2008 and 2011, 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 (65)

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 has stayed in the Shipping Division of the Bank for his entire career. In 1998 he was appointed Director of Shipping with responsibility for all of the Bank's shipping business. Since the merger with ABN in 2007 he has been managing director and Global Head of Shipping. He is a member of the Court of the Worshipful Company of Shipwrights and a Trustee of Lloyd's Register Foundation. He also lectures on ship finance at the City University Business School in London.

Tony Westbrook (64)

He was first elected as a member of the Baltic Exchange in 1972, representing Howard Houlder and Partners until 1976 when he joined Simpson, Spence and Young. In 1981 he joined Maersk Broker, working in both London and Athens until 2014 when he left to become a member of a new Athens office for Lorentzen and Stemoco/LSS. He was elected to the Board as a Ballot Director in 2007 and was re-elected in 2011.

Adrian Wooldridge (44)

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 (56)

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 (57)

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

CAPESIZE 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
 Ifchor SA
 Ildo Chartering Corporation
 LSS SA, Antwerp
 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
 Ifchor SA
 LSS 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 (Singapore)
 Ifchor Hong Kong
 Simpson Spence Young (Asia)
 Thurlstone Shipping Singapore Pte Ltd
 Yamamizu Shipping Co Ltd

SUPRAMAX INDEX PANELLISTS

Arrow Chartering (UK) Ltd
 Ausera Shipping Beijing
 Clarksons Platou
 Hartland Shipping
 Howe Robinson Partners
 John F Dillon & Co
 LMB Bulk Chartering
 Rigel Shipping Ltd
 Simpson Spence Young Ltd
 Yamamizu Shipping Co Ltd

BALTIC SUPRAMAX ASIA

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

BALTIC EXCHANGE HANDYSIZE

INDEX PANELLISTS
 Ausera 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
 LMB Bulk Chartering
 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 Geneva
 Clarksons Houston
 Eastport Chartering Pte Ltd
 Fearnleys A/S
 Galbraith's Ltd
 E A Gibson Shipbrokers Ltd
 Howe Robinson Partners
 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 Ltd
 (Singapore)
 SSY Tankers New York LLC
 True North Chartering NY

BITR ASIA PANELLISTS

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

BALTIC LIQUIFIED PETROLEUM

GAS ROUTE PANELLISTS

Braemar ACM
 Clarksons Platou
 Fearnleys A/S
 E A Gibson Shipbrokers Ltd
 Hennes 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
 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
 J V Shipping
 Optima Chartering Ltd
 Simpson Spence Young Ltd

BALTIC FORWARD ASSESSMENT

PANELLISTS
 ACM-GFI
 BRS Futures Ltd
 Clarksons Platou Futures Ltd
 Freight Investor Services Ltd
 GFI Brokers Ltd
 ICAP Shipping Derivatives Ltd
 Marex Spectron
 Pasternak, Baum & Company Inc
 SSY Futures Ltd

BALTIC OPTIONS

ASSESSMENT PANELLISTS

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

Chairman's Statement

I am pleased to confirm another good year for the Baltic, with progress on a number of the issues we confront, as you will see below and from our Chief Executive's Report. The financial position of the Baltic remains sound and just as importantly, we have retained our central position in the global shipping marketplace.

Financial performance

Profit for the year after tax stood at £1,340,759 which is a considerable improvement over the prior year of £901,809 and also ahead of the 2013 result.

Revenue before investment income again grew well at £6,028,167 which is £465,498 better than last year, while costs overall remained more or less in line with the previous year at £5,422,683. There were specific savings in some staff costs, partly as handover periods ended, to offset the overall growth in costs as we expand our services to members and our commitments in Asia.

In the membership activities area of the business, which excludes property and investments, turnover increased to £4,782,142 delivering a profit of £166,536 which is an improvement of £268,878 over the prior year. A substantial change has been in the performance of Baltex where the loss had reduced to £421,646 from £636,830. I explain more on this below.

The property at 38 St Mary Axe earned a profit before tax of £493,359 which is slightly better than the prior year's result of £436,620. I will say more about the property below.

The investment portfolio delivered a total return after management fees of 11.0%, which compares with 7.9% in the previous year.

Dividend

We increased the interim dividend paid during January from 40 pence to 45 pence and now recommend a final dividend of £2.00 bringing the total for the year to £2.45, up from £2.15. I said last year that we regarded the issue of Baltex as a short term concern and it is appropriate to reflect in this dividend recommendation that we believe the issue is now resolved in a satisfactory manner.

Baltex

Since the start of this calendar year Baltex has been running at approximately a break-even level. This enormous improvement is a result of the successful implementation of the project we signalled this time last year to use Baltex as a reporting mechanism for block futures trades in the FFA market. Although the project was implemented later than we had hoped and did not generate revenue until the start of December, it is

now working in a satisfactory way. Baltex generated \$258,946 of revenue between December and the financial year end at the end of March.

Just as importantly we now feel that Baltex has established a position in the FFA market where it is accepted as providing a useful service to the marketplace and we generally have a renewed and positive relationship with the FFA brokers.

Dry FFA volumes have continued at a steady level despite the low overall freight rates in the dry bulk market. Baltex is dependent not only on volumes but also on the market share of LCH.Clearnet among the competing clearing houses, which although volatile, has overall remained in line with our expectations. FFA volumes are also a key driver for other aspects of the revenue of the Baltic as we are paid information licence fees on a volume basis by the major clearing houses.

38 St Mary Axe

Our property at 38 St Mary Axe has continued to perform well. However, your Board has been considering how to modernise and upgrade the building which we have now occupied without major refurbishment for over 20 years. 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 plant and distribution throughout the building.

This project requires listed buildings consent and we are negotiating with the City of London Corporation for approval in principle of a suitable plan. Assuming we obtain a satisfactory result, a detailed business plan will be needed in order to test the return on the substantial investment required. Assuming we wish to pursue the project we will consult shareholders before going ahead.

We also need to consider timing for the project, since we can carry out the work floor by floor as opportunities arise and leases fall due, or wait until 2021 when our major existing leases expire and then vacate the building, perhaps for a year.

Market benchmarks and regulation

As is more fully described in our Chief Executive's report we have been working hard on updating our various vessel descriptions and routes to ensure they are as relevant as practical in line with the reality of today's rapidly-evolving market. This is in line with the policy the Baltic has had in place for many years. However it is now even more important in the context of the International Organization of Securities Commission (IOSCO) Principles which were discussed in the Annual Report last year.

Chairman's Statement

Much effort has been committed in the last 12 months to rewriting the Manual for Panellist which was undoubtedly a ground-breaking document but which needed to be updated to reflect fully the IOSCO Principles. All users of Baltic freight market information should familiarise themselves with the resulting Guide to Market Benchmarks, which can be found on our website.

At the time of writing the EU Benchmarks Regulation is approaching the final phases of drafting and we will be following the process as closely as possible in the hope we can secure a reasonable and proportionate outcome. There is always a danger that the unique characteristics of the shipping marketplace are insufficiently accommodated.

Regulation has also reared its head more directly in the context of the FFA market during the year. As the European Securities and Markets Authority (ESMA) has carried out its work in drafting Regulatory Technical Standards covering details of the implementation of the Markets in Financial Instruments Directive and the accompanying Regulation (MiFID 2), we have been engaged in the consultation process. Unfortunately the initial drafting of some of this complex legislation could have a very damaging effect on the FFA market in Europe by requiring many market participants to become regulated financial entities. We hope this outcome can be avoided.

Member relationships

On behalf of our members and the marketplace as a whole I thank our panellists whose commitment and diligence in contributing to our benchmarks is the foundation of our success.

I would also like to thank Mike Queally of ADM Intermare and Glen Huniche of Noble Group and Maersk Tankers for their service chairing our users' groups. We also thank Richard Hayes of ICAP Shipping for his service as Chairman of the FFABA (Dry) and look forward to working with Tassos Spiliopoulos of SSY Futures. We are grateful to James Ronan of GFI for serving as Chairman of the FFABA (Tankers) and are now working with Jay Lovell of Braemar-ACM GFI who is the new Chairman.

In these difficult markets the role of the Membership Committee in collecting money owed to members (both large and small amounts), and drawing the attention of

members to the names of market participants who do not meet our standards of behaviour, has become ever more important. In the reporting year in question we have collected a total of \$1.5m on behalf of members. In addition to the Directors on the Committee which is ably chaired by Colm Nolan, we are supported by Basil Mavroleon and Richard Goodall and we are very grateful to them for their contribution of time and expertise.

We hope that many of our overseas members will be in London for the second London International Shipping Week, and that the week (7-11 September), whose steering committee we chair, is a notable success.

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. Over the year the Baltic Charitable Fund distributed £42,750 and the Bonno Krull Fund £17,765.

Directors and staff

Demetrius Dragazis and Tony Westbrook will step down from the Board after the AGM following 8 years of assiduous service for which we are most grateful. I am happy to say that Demetrius will be replaced by Haralambos Fafalios who returns to the Board. Duncan Dunn has been re-elected to serve a second term. Tony Westbrook will be replaced by John M Hadjipateras and we look forward to working with him.

Duncan Bain retired at the end of the calendar year. We are grateful to him for his 7 years of service and welcome his replacement, Clive Weston as Chief Financial Officer.

G M Campbell
Chairman
5 June 2015



Chief Executive's Report

Business performance

At the end of March 2015 the number of corporate members stood at 645 compared with 627 on the same date last year. It is pleasing to see the steady flow of new members coming in faster than losses caused by the tough markets and mergers. However, we continue to be concerned that this position may not last and we are working hard to strengthen our membership proposition. Our focus continues to be to grow membership in Athens, Asia and other shipping centres where we have in the past been weaker. We have also had some success with organisations who have historically been reluctant to join the Baltic. Revenue from member subscriptions and member access to freight market information grew from £2,411,125 to £2,597,981, an improvement of 7.7%.

Revenue from information vendors continued to fall as a result of reduced commodity trading in the financial markets and the end of a period of focus on the "shipping story".

In contrast we have seen continuing growth in revenue from clearing houses as a result of steady FFA volumes and revised commercial terms. This revenue has improved from £403,662 to £491,745 and we expect some further increase in the current year as we enjoy the full year effect of the new arrangements.

Online sales of information by direct subscription improved from £316,947 to £348,482, reversing a slight drop in the prior year. The improvement may have coincided with resolution of some teething problems with our new website.

The average number of logons to the website in the year was 30,527 per month. This is a significant drop from the 35,765 average in the previous year, almost certainly caused by the more robust management of passwords associated with the launch of the new website. Averages in recent months have grown and are now closer to the previous year figure.

The number of members who access our data via an automated feed has also grown from 57 to 66.

Costs overall have remained relatively flat year on year as the Chairman has pointed out. Although they have grown in many areas, we have accounted for certain subsidies we anticipate receiving from the Chinese government for our Shanghai office and have also seen costs fall in Singapore.

As explained in Note 12 we have provided for cost of compensation to a former employee of the Baltic who contracted Mesothelioma and sadly passed away last year. We only have records of insurance cover for part of the period of his employment and therefore need to assume the cost of the uninsured period will be attributable to us. This has the effect of reducing the profit for the year by £140,000.

Baltex

We rolled out Baltex as a venue for presenting block futures in December and have enjoyed steady business since with strong support from the majority of the FFA brokers. Revenue for the year was £174,123 against costs of £595,769, but from January to the end of March we earned revenues of \$203.7k (£136,541) against costs for the same period of £122,835 (excluding some annual one-off payments of £31,864).

The business model depends for its continuing success on the market position of LCH.Clearnet and the support of FFA brokers.

There may of course be further regulatory developments in the future which offer Baltex additional opportunities.

Index production and marketing

We went live in May with reporting the new Capesize ship and balance of routes which form the timecharter average. We have become aware of good levels of take-up in the physical market with the use of the 180 KT timecharter average becoming fairly normal for period business and contracts.

However, there has to date been almost no FFA trading in the new contract with market participants chasing liquidity rather than wishing to trade what will in the end be a better benchmark. At the time of going to press we have resolved with users a new approach to the transition of the Capesize FFA contract which will enable us to cease panellist reporting of the 172 KT vessel from the end of July. This is a considerable step forward.

The process for managing transitions and necessary changes to indices is a matter which is now preoccupying many index providers as well as regulators. We hope that as a result of our current work we may establish a reasonably repeatable process which is familiar to our market. Others may also find it instructive.

The year has also been occupied with extensive discussions regarding migration of the Supramax reporting to a new more visible vessel and an appropriate balance of routes. This element of

Chief Executive's Report

our renewal process is now nearing completion and will be followed by work on the Panamax and Handysize transitions.

We have now largely completed the implementation of the requirements we set ourselves in the Guide to Market Benchmarks. In particular the Freight Indices and Futures Committee was replaced with the Board of Baltic Exchange Information Services Ltd as the key decision-making body on all matters related to index specification and production. Industry representation from the Chairmen of the FMIUG (Dry and Wet) and the FFABA (Dry and Wet) as well as advice from staff remain an important part of the meeting but we have clarified where responsibility for decision-making lies.

Two senior members of the freight market reporting team will be retiring this year and we were recently able to announce their replacements.

We have continued to hold regular forums and meetings with users of our information, both in Europe and in Asia and will be continuing this work. Access to these meetings and the ability to join working groups on specific index topics are an important benefit of membership.

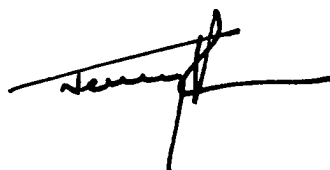
We have improved our member communication during the year by creating a dynamic microsite on the web which carries extensive material of interest to members, including coverage of Baltic sports clubs and other activities but also informative articles and briefings. The Baltic briefing site replaces the magazine which had become uneconomic to produce to a standard which is acceptable.

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 Sub-aqua Club have all received help and we have been delighted to see the revival of the Rugby Club. The Go-karting Club has also held events and this has been added to the roster for the David Bradley Trophy, which is currently held by Howe Robinson.

The inshore lifeboat named after our friend and colleague David Bradley is now in service at Lymington where he grew up and sailed and we shall be holding a naming ceremony with the RNLI on 12 September to which all are welcome.

J Penn
Chief Executive
5 June 2015



Directors' Report

The Directors of the Company have pleasure in presenting their one hundred and fourteenth Annual Report and the audited accounts for the year ended 31 March 2015.

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 2015 are shown on page 1. All have been Directors for the whole year ended on that date, with the exception of C Bacon, B F Goodall and P B Kerr-Dineen who took office during the year. Mr J M Hadjipateras has been elected to serve as a Ballot Director from 10 July 2015.

In accordance with the Articles of Association D Dragazis and D L Dunn will retire as Shareholder Directors at the Annual General Meeting on 9 July 2015. Nominations have been received from H J Fafalios of Fafalios Ltd and D L Dunn of SSY Futures Ltd for the two Shareholder Director vacancies and have been elected unopposed.

Holdings of the Directors in the Shares of the Company

The interests of the Directors of the Company in the ordinary shares of the Company at 1 April 2014 (or if later the date of appointment as a Director) and at 31 March 2015 were:

Shareholdings	At 1 April 2014, or date of appointment as a Director	At 31 March 2015
	Ordinary 50p Shares	Ordinary 50p Shares
S Albertijn	1,460	1,460
C Bacon (appointed 10 July 2014)	500	500
G M Campbell	50	50
A C Carroll	50	50
D C Dragazis	480	480
D L Dunn	500	500
B F Goodall (appointed 10 July 2014)	–	50
P B Kerr-Dineen (appointed 1 July 2015)	1,400	1,600
H G Liddell	–	–
J Lollesgaard	1,825	1,315
C J Nolan	50	50
J Tsatsas	500	500
L C Varnavides	50	50
A J Westbrook	50	50
A R Wooldridge	50	50

Directors' Report

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.

Results and future prospects

Revenue for the year of £6,028,167 is £465,498 higher than last year. Costs increased by £10,099 to £5,422,683. Income from investments was £536,248 (2014: £546,208). Profits from the sale of investments, offset by increases in provisions, to write-down the book value of certain investments to market value at 31 March 2015 where market value is below cost, totalled £582,054 (2014: £397,450). After an exceptional provision for insurance claim costs of £140,000, overall profit before taxation is £1,583,786 compared to £1,093,743 for last year. There is a tax charge of £243,027 (2014: £191,934).

It is your Directors' policy that the services which are provided to members should, over the long-term, continue to be profitable.

Directors are committed to the long-term future of the Exchange and are very conscious of its role as a membership organisation and the social facilities it provides.

Dividends

An interim dividend of £0.45 per ordinary share was paid to shareholders on 28 January 2015. The Directors now recommend that a final dividend of £2.00 per ordinary share is paid on 24 July 2015 to shareholders on the Company's Register of Members at the close of business on 9 July 2015. In accordance with the requirements of Financial Reporting Standard 21, dividends are now accounted for in the year of payment.

Dividends paid during the year totalled £1,064,492 (2014: £1,040,299).

Membership

At the end of March 2015 there were 645 organisations in membership of the Exchange compared with 627 last year. The total number of people representing those organisations at the end of March 2015 was 2,639 as compared with 2,514 at the end of March 2014.

Donations

During the year the Group made charitable donations of £nil (2014: £7,798).

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 financial statements for the year ended 31 March 2015.

Directors' Report

Fixed assets

In the opinion of the Directors, the current open market value of the interest in land and buildings exceeds the book value of £10.0 million.

At 31 March 2013 the freehold property was valued at £16.0 million by CBRE Ltd, 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 £6.0 million.

Financial risk management

The most important components of financial risk are currency risk, credit risk, interest rate risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Group's business and the assets and liabilities contained within the Group's balance sheet, the financial risks the Directors consider most relevant to the Group are market risk and currency risk. Market risk in relation to the investment portfolio is mitigated by the Group's investment strategy; and currency risk in relation to an exposure on revenues in US dollars is mitigated by forward currency contracts (see Note 18).

Auditor

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Statement as to disclosure of information to auditor

Each of the persons who is a Director of the Company at the date of approval of this annual 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 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
5 June 2015

Report on Directors' Remuneration

At the Extraordinary General Meeting of the Company held on 19 April 2007, shareholders approved a resolution establishing the requirement to present a report on Directors' remuneration to the Annual General Meeting each year for adoption by shareholders.

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 £47,000 per year.

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 Company's Annual General Meeting to be held on 9 July 2015.

For the year ended 31 March 2015, the remuneration of the Directors was as follows:

S Albertijn	£1,500
C Bacon	£1,125
G M Campbell	£16,875
A C Carroll	£1,500
D C Dragazis	£1,500
D L Dunn	£1,500
H J Fafalios	£375
B F Goodall	£1,125
P D Kerr-Dineen	£1,125
H G Liddell	£1,500
J Lollesgaard	£1,500
C J Nolan	£1,500
Q B Soanes	£5,000
J Tsatsas	£1,500
L C Varnavides	£375
A J Westbrook	£1,500
A R Wooldridge	£1,500
Total	£41,000

Q B Soanes and H J Fafalios resigned as Directors on 10 July 2014.

L C Varnavides has requested that his remuneration as vice-chairman 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). The financial statements are required by law to 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:

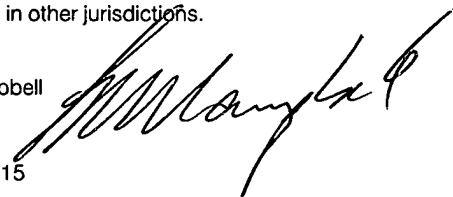
- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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

5 June 2015



Independent Auditor's Report

to the Members of The Baltic Exchange Limited

We have audited the financial statements of The Baltic Exchange Limited for the year ended 31 March 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 22. 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).

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 2015 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 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
5 June 2015

Consolidated Profit and Loss Account

for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	6,028,167	5,562,669
Total cost of sales and administrative expenses		(5,422,683)	(5,412,584)
Operating profit	3	605,484	150,085
Income from investments	4	536,248	546,208
Profit after other income		1,141,732	696,293
Amounts released/(provided) against investments		138,715	(200,023)
Profit from sale of investments		443,339	597,473
Net profit from investments		582,054	397,450
Profit from ordinary activities before exceptional item		1,723,786	1,093,743
Provision for insurance claim	12	(140,000)	–
Profit before taxation	2	1,583,786	1,093,743
Taxation	6	(243,027)	(191,934)
Profit after taxation	14	1,340,759	901,809

Profit after taxation includes all recognised gains or losses, therefore no separate statement of total recognised gains and losses has been prepared.

There are no discontinued or acquired operations as defined by Financial Reporting Standard 3.

There is no difference between the profit after taxation stated above and the historical cost equivalent:

Consolidated Balance Sheet

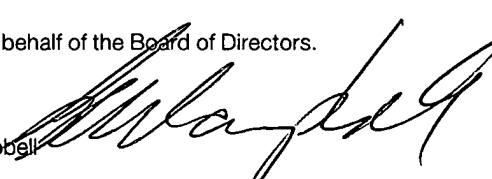
as at 31 March 2015

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible fixed assets	8		9,841,366		10,125,328
Investments	9		15,499,718		15,191,837
			25,341,084		25,317,165
Current assets					
Debtors	10	1,597,505		1,276,460	
Cash at bank and in hand	17	983,014		909,725	
		2,580,519		2,186,185	
Creditors					
Amounts falling due within one year	11	(1,703,814)		(1,734,814)	
Net current assets			876,705		451,371
Total assets less current liabilities			26,217,789		25,768,536
Provisions for liabilities	12		(266,610)		(116,584)
Net assets			25,951,179		25,651,952
Capital and reserves					
Called up share capital	13		241,930		241,930
Share premium account	14		5,030		5,030
Capital redemption reserve	14		28,070		28,070
Profit and loss account	14		25,676,149		25,376,922
Shareholders' funds			25,951,179		25,651,952

The financial statements of The Baltic Exchange Limited (Company registration number 64795) were approved by the Board of Directors and authorised for issue on 5 June 2015.

Signed on behalf of the Board of Directors.

G M Campbell
Director



Consolidated Cash Flow Statement

for the year ended 31 March 2015

	Note	2015 £	2015 £	2014 £	2014 £
Net cash inflow from operating activities	15		578,630		869,627
Returns on investment and servicing of finance					
Interest received		126,251		132,424	
Dividends received		409,872		425,079	
Net cash inflow from returns on investment and servicing of finance			536,123		557,503
Taxation			(109,799)		(325,691)
Capital expenditure and financial investment	8,9				
Payments to acquire tangible fixed assets		(141,471)		(106,288)	
Payments to acquire fixed asset investments		(3,772,397)		(3,417,171)	
Receipts from sales of fixed asset investments		4,046,695		3,767,088	
Net cash inflow from capital expenditure and financial investment			132,827		243,629
Equity dividends paid	7		(1,064,492)		(1,040,299)
Net cash inflow before use of liquid resources			73,289		304,769
Increase in cash	16		73,289		304,769

Notes on the Accounts

for the year ended 31 March 2015

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) **The accounts** are prepared under the historical cost convention.
- b) **Basis of consolidation.** The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2015. Intra-group transactions are eliminated fully on consolidation.
- c) **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.
- d) **Fixed asset investments** are stated at cost less provision for any permanent diminution in value. Premiums paid on the acquisition of securities that are held to maturity are amortised over the remaining life of the investments. Included in fixed asset investments are short-term deposits held for future investment.
- e) **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.
- f) **Taxation** 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. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.
- g) **Pensions.** The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company. The pension cost charge represents contributions payable by the Company under the rules of the scheme and contributions made in the alternative to the private pension plans of certain members of staff. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

2. 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 £563,877 earned in Singapore (2014: £487,713). Property income represents income receivable from rents and service charges.

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

	Turnover		Profit before taxation	
	2015 £	2014 £	2015 £	2014 £
Membership activities	4,782,142	4,342,127	166,536	(102,342)
Property	1,246,025	1,220,542	493,359	436,620
Investment income	–	–	341,837	362,015
	6,028,167	5,562,669	1,001,734	696,293
Net profit from investments	–	–	582,054	397,450
	6,028,167	5,562,669	1,583,786	1,093,743

3. Operating profit

	2015 £	2014 £
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	425,433	368,924
Fees payable to the Company's auditors for the audit of the Company's annual accounts	31,930	31,000
Fees payable to the Company's auditors and their associates for other services to the Group		
– Tax	20,300	21,050
– Other services	1,400	1,400
Directors' fees	41,000	46,250

4. Income from investments

	2015 £	2014 £
Income from fixed asset investments	535,608	545,611
Other interest receivable and similar income	640	597
	536,248	546,208

Notes on the Accounts

5. Employee information

a) The average number of people employed by the Company during the year was 28 (2014: 29). At the year end there were 28 staff (2014: 28).

b) Employment costs of all employees included above, but excluding Directors, comprised:

	2015 £	2014 £
Gross wages and salaries	2,204,963	2,133,254
Employer's national insurance and state pension contributions	284,104	227,811
Employer's pension contributions	155,645	149,418
	2,644,711	2,510,483

6. Taxation

	2015 £	2014 £
The tax charge on profit for the year is calculated as follows:		
Current tax		
Corporation tax	(253,588)	(255,043)
Adjustment in respect of prior years	20,587	20,609
	(233,001)	(234,434)
Deferred tax (Note 12)		
Current year	27,175	37,727
Adjustment in respect of prior years	(37,201)	4,773
	(243,027)	(191,934)

Factors affecting the tax charge for the current period: The tax assessed for the period is lower than the standard rate of corporation tax in the UK – 21% (2014: 23%) and this is due to the factors set out below:

	2015 £	2014 £
Notional charge at standard rate of tax	332,596	251,561
Expenses not deductible for tax purposes	20,051	31,022
Depreciation in excess of capital allowances	41,121	29,396
Movement in short term timing differences	(78)	(85)
Different tax rates applicable in other jurisdictions	(22,643)	2,010
Non-taxable income	(117,459)	(41,468)
Capital losses utilised	–	(17,393)
Prior year adjustments	(20,587)	(20,609)
Current tax charge for period	233,001	234,434

7. Dividends

	2015 £	2014 £
Amounts recognised as distributions during the year:		
Final dividend for year ended 31 March 2014 of £1.75 per ordinary share paid on 9 July 2014 (2012: £1.75 per ordinary share)	846,755	846,755
Interim dividend for the year ended 31 March 2015 of £0.45 per ordinary share paid on 28 January 2015 (2014: £0.40 per ordinary share)	217,737	193,544
	1,064,492	1,040,299
Proposed final dividend for year ended 31 March 2015 of £2.00 per ordinary share (2014: £1.75 per ordinary share)	967,720	846,755

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements, in line with FRS 21 "Events after the Balance Sheet date".

8. Tangible fixed assets

	Freehold land and buildings £	Building plant £	Other plant and equipment £	Furniture and fittings £	Baltex platform £	Total £
Cost						
At 31 March 2014	9,953,269	4,382,536	1,041,181	558,400	190,616	16,126,002
Additions	29,713	23,490	77,628	10,640	–	141,471
At 31 March 2015	9,982,982	4,406,026	1,118,809	569,040	190,616	16,267,473
Depreciation						
At 31 March 2014	1,624,280	3,102,056	700,372	442,418	131,548	6,000,674
Charged to profit and loss account	84,899	187,477	67,753	37,650	47,654	425,433
At 31 March 2015	1,709,179	3,289,533	768,125	480,068	179,202	6,426,107
Net Book Value						
At 31 March 2015	8,273,803	1,116,493	350,684	88,972	11,414	9,841,366
At 31 March 2014	8,328,989	1,280,480	340,809	115,982	59,068	10,125,328

At 31 March 2013 the freehold property was valued at £16.0 million by external valuers, 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 £6.0 million.

All 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.

Notes on the Accounts

9. Investments held as fixed assets

	£
Cost	
At 31 March 2014	15,612,797
Additions	3,772,397
Disposals	(3,603,232)
At 31 March 2015	15,781,962
Provisions	
At 31 March 2014	420,960
Provisions released in year	(138,716)
At 31 March 2015	282,244
Net book value	
At 31 March 2015	15,499,718
At 31 March 2014	15,191,837

	2015 £	2014 £
Cost		
Investments quoted on a recognised investment exchange	12,336,614	12,761,957
Investments quoted on other exchanges	2,478,419	2,030,886
Short-term deposits	684,685	398,994
	15,499,718	15,191,837
Market value		
Investments quoted on a recognised investment exchange	15,833,311	15,481,767
Investments quoted on other exchanges	3,352,519	2,625,430
Short-term deposits	684,685	398,994
	19,870,515	18,506,191

10. Debtors

	2015 £	2014 £
Trade debtors	420,250	381,903
Other debtors	984,891	774,425
Prepayments and accrued income	192,364	120,132
	1,597,505	1,276,460

11. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	56,159	180,660
Other creditors:		
Unclaimed dividends	214,209	163,848
Taxation and social security	471,135	309,940
Accruals and deferred income	962,311	1,080,366
	1,703,814	1,734,814

The creditor for taxation and social security includes UK corporation tax payable amounting to £268,404 (2014: £173,829).

12. Provisions for liabilities

	Deferred taxation £	Insurance claim £	Total £
At 31 March 2014	116,584	–	116,584
Charge to profit and loss account	10,026	140,000	150,026
At 31 March 2015	126,610	140,000	266,610

	2015 £	2014 £
Analysis of deferred tax balance:		
Fixed assets	157,576	170,287
Trading losses	(30,966)	(48,337)
Short-term timing differences	–	(5,366)
	126,610	116,584

Deferred taxation for liabilities: Deferred tax is calculated at the prevailing UK corporation tax rate of 20%. The Company has no trading or capital losses available to offset against future taxable profits (2014: £75,623 capital losses were utilised in full).

Insurance claim: The company has received a claim for Asbestos Mesothelioma from a former employee which is being handled by the Company's insurance broker and employers' liability insurer who are close to making a settlement with the deceased's widow. The provision of £140,000 had been made for the proportion of the liability that is likely to fall upon the Company due to the inherent difficulty of proving the continuity of cover over the full 28 years of employment from 1964 to 1993. Management will continue to seek evidence and defend the Company's position with the lead insurer.

Notes on the Accounts

13. Called up share capital

	Number	£
Authorised ordinary shares of 50p each		
At 1 April 2014 and at 31 March 2015	540,000	270,000
Alotted and fully paid ordinary shares of 50p each		
At 1 April 2014 and at 31 March 2015	483,860	241,930

14. Capital and reserves

	Share capital £	Share premium £	Capital redemption reserve fund £	Profit and loss £	Total £
At 31 March 2014	241,930	5,030	28,070	25,376,922	25,651,952
Dividends unclaimed					
after 6 years	–	–	–	22,960	22,960
Profit on ordinary activities					
after taxation	–	–	–	1,340,759	1,340,759
Dividends paid (Note 7)	–	–	–	(1,064,492)	(1,064,492)
At 31 March 2015	241,930	5,030	28,070	25,676,149	25,951,179

15. Reconciliation of operating profit to net cash inflow from operating activities

	2015 £	2014 £
Operating profit	605,484	150,085
Depreciation charge	425,433	368,924
(Increase)/decrease in debtors	(321,045)	103,658
(Decrease)/increase in creditors and deferred income	(131,242)	246,960
Net cash inflow from operating activities	578,630	869,627

16. Reconciliation of net cash flow to movements in net funds

	Note	2015 £	2014 £
Increase/(decrease) in cash in the year		73,289	304,769
Net funds at 31 March 2014		909,725	604,956
Net funds at 31 March 2015	17	983,014	909,725

17. Analysis of net funds

	Note	2015 £	2014 £
Cash at bank and in hand and net funds	16	983,014	909,725

18. Derivative financial instruments

The Company has entered into forward foreign currency contracts to hedge a proportion of its anticipated revenue in US dollars. As at 31 March 2015 there were four outstanding window forward contracts amounting to \$940,000. Each commits the Company to sell \$235,000 at any time within the three month periods ending: 22 June 2015, 21 September 2015, 22 December 2015 and 18 March 2016. The exchange rates vary from \$1.4903 to \$1.4993 averaging \$1.4943 over the year.

Company Balance Sheet

as at 31 March 2015

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible fixed assets	8		9,829,952		10,066,263
Investments	9		15,499,718		15,191,837
Investment in subsidiaries	19		3,052,925		2,632,925
			28,382,595		27,891,025
Current assets					
Debtors	20	1,542,415		1,417,067	
Cash at bank and in hand		163,194		380,107	
		1,705,609		1,797,174	
Creditors					
Amounts falling due within one year	21	(1,785,032)		(2,313,553)	
Net current liabilities			(79,423)		(516,379)
Total assets less current liabilities			28,303,172		27,374,646
Provisions for liabilities	12		(266,610)		(116,584)
Net assets			28,036,562		27,258,062
Capital and reserves					
Called up share capital	13		241,930		241,930
Share premium account	14		5,030		5,030
Capital redemption reserve	14		28,070		28,070
Profit and loss account	22		27,761,532		26,983,032
Shareholders' funds			28,036,562		27,258,062

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 financial statements of The Baltic Exchange Limited (Company registration number 64795) were approved by the Board of Directors and authorised for issue on 5 June 2015.

Signed on behalf of the Board of Directors.

G.M. Campbell
Director

Notes on the Company Balance Sheet

for the year ended 31 March 2015

19. Investment in subsidiaries

Particulars of subsidiary undertakings are as follows:

	2015 £	2014 £
Name of company		
Baltic Exchange Derivatives Trading Limited	3,052,424	2,632,424
Baltic Exchange Information Services Limited	1	1
The Baltic Exchange (Asia) Pte. Limited	500	500
	3,052,925	2,632,925

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.

The Baltic Exchange (Asia) Pte. Limited was incorporated in Singapore on 25 February 2013 and commenced trading on 1 April 2013.

20. Debtors

	2015 £	2014 £
Trade debtors	286,164	186,176
Other debtors	613,887	615,888
Prepayments and accrued income	192,364	120,132
Amount due from subsidiaries	450,000	494,871
	1,542,415	1,417,067

The Company has provided a loan of £400,000 to Baltic Exchange Derivatives Trading Limited as an eligible capital substitute in accordance with the Financial Conduct Authority's rule IPRU(INV) 3-63. The loan is repayable when Baltic Exchange Derivatives Trading Limited is no longer undertaking a regulated activity. The loan is interest free.

Notes on the Company Balance Sheet

21. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	56,159	121,362
Amounts due to subsidiaries	303,470	918,019
Other creditors:		
Taxation and social security	492,929	318,525
Accruals and deferred income	718,265	791,799
Unclaimed dividends	214,209	163,848
	1,785,032	2,313,553

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.

22. Profit and loss account

	2015 £
At 31 March 2014	26,983,032
Dividends unclaimed after 6 years	22,960
Profit on ordinary activities after taxation	1,820,032
Dividends paid (Note 7)	(1,064,492)
At 31 March 2015	27,761,532

Notice of Meeting

NOTICE IS HEREBY GIVEN that the one hundred and fourteenth Annual General Meeting of The Baltic Exchange Limited will be held at The Baltic Exchange, St. Mary Axe, London EC3A 8BH on 9 July 2015 at 1200 for the following purposes:

ORDINARY BUSINESS

1. To report the retirement and election of Directors.
2. Ordinary Resolution 1
To receive the Directors' Report and Independent Auditors' Report and Accounts for the year ended 31 March 2015 and to declare a dividend.
3. Ordinary Resolution 2
To approve the Report on Directors' Remuneration (as set out on page 12 of the Directors' Report and Accounts) for the year ended 31 March 2015.
4. Ordinary Resolution 3
To re-appoint Deloitte LLP as auditor and to authorise the Directors to fix their remuneration.

By Order of the Board
C Weston
Company Secretary

The Baltic Exchange
St. Mary Axe
London EC3A 8BH
5 June 2015

A shareholder entitled to attend and vote at the Meeting may appoint one or more proxies (in the alternative) to attend in his or her stead and to vote on his or her behalf only in the event of a poll. A proxy need not be a shareholder of the Company. The proxy form must be deposited at the registered office of the Company at St. Mary Axe, London EC3A 8BH by midnight on 8 July 2015.

Any Corporation which is a shareholder should, by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative at the Meeting.