



CLARKSON PLC

17 MARCH 2008

Preliminary results

Clarkson PLC ('Clarksons') the world's largest shipbroker and shipping services group, today announces unaudited preliminary results for the twelve months ended 31 December 2007.

Results for 2007

	Year ended 31 December 2007	Year ended 31 December 2006	Year on year % change
Revenue+	£173.4m	£116.6m	+49%
Profit before taxation and exceptional item+	£31.6m	£22.1m	+43%
Profit before taxation+*	£25.6m	£22.1m	+16%
Earnings per share*	101.9p	86.6p	+18%
Dividends per share*	40.0p	36.0p	+11%

+Continuing operations

*Other than as noted, figures are after exceptional item

HIGHLIGHTS

- **Record organic growth in profits driven primarily by dry cargo, futures broking and sale and purchase businesses.**
- **Strategic acquisitions during the year totalling £4m broadening services in dry cargo, LNG and offshore broking.**
- **Continued growth and innovation in financial services**
 - **Hedge fund: US\$191m under management (2006: US\$47m); investment returns for the year ended 31 December 2007, net of fees, of 26.7%**
 - **Investment services: creation of a new group to provide advisory and research services to investors and corporates**

Tim Harris CBE, Chairman of Clarkson PLC, commented:

"The business has delivered another good performance, with revenue and margin growth across the group. During the year, we continued to innovate and build on our unrivalled intelligence in shipping, establishing an investment services business and delivering 26.7% returns, net of fees, to the investors in our hedge fund.

"Given a strong start to 2008 and a record forward order book, we remain confident about the prospects for our business and believe the platform we have established leaves us well positioned to deliver another year of growth in 2008."

Enquiries:

Clarkson PLC:

Richard Fulford-Smith, Chief Executive
Jeff Woyda, Finance Director

020 7334 0000

Hudson Sandler:

Jessica Rouleau
Fran Read

020 7796 4133

CHAIRMAN'S STATEMENT

Results

Revenue has increased by 49% to £173.4m (2006: £116.6m), driven primarily by strong performances in the dry bulk, futures and sale and purchase broking businesses.

Operating profit on continuing operations before the exceptional item was £26.4m, a 47% increase on the £18.0m reported in 2006. This result was achieved despite the impact of a weak US dollar, one-off administrative expenses resulting from the initial acquisition cost of new teams (£2.4m) and the legal costs incurred in defending the Russian litigation (£3.2m).

Profit before taxation on continuing operations before the exceptional item increased by 43% to £31.6m (2006: £22.1m). As announced in January 2008, the Board has decided, without any admission of liability, to make a provision of £6.0m against the existing claims totalling US\$67m from Sovcomflot and Novoship, the Russian state-owned shipping companies. This provision has been treated as an exceptional item. Consequently, profit before taxation reported amounted to £25.6m (2006: £22.1m).

Basic earnings per share on continuing operations was 96.4p (2006: 87.2p).

Dividend

Clarksons is committed to maintaining a progressive dividend policy and the Board is recommending a final dividend of 26p per share (2006: 24p per share). The interim dividend was 14p per share, giving a total dividend for the year of 40p per share (2006: 36p per share), an increase of over 11%. This increase is a reflection of our continued confidence in the prospects for the business going forward.

The dividend will be payable on 6 June 2008 to shareholders on the register as at 23 May 2008.

Litigation

The group has received notification of a further potential claim by Sovcomflot, relating to a routine year end valuation performed by H Clarkson & Company Limited as at 31 December 2003. The total amount claimed under this notification is US\$71m. The Board has reviewed all documentation available to it, and discussed the matter at length with its advisors. Consequently, it is the Board's strongly held view that this claim should not have been brought, is without foundation and should not succeed.

Accordingly, no provision has been made against this claim, which will be strenuously defended in court, should it reach this stage.

Outlook

Given the strong start to 2008 and a record forward order book, we remain confident about the prospects for our business. Although the potential impact of uncertainty in global economic conditions cannot be ignored, we believe that the platform we have established across a broad base of shipping services leaves us well positioned to deliver another year of growth.

Tim Harris CBE
CHAIRMAN
17 March 2008

REVIEW OF STRATEGY

Clarksons is a great people business.

At a time when our industry increasingly seeks expert and informed input we are better placed than ever to meet these needs with teams of exceptionally talented individuals. It is they who enable us to grow our diverse shipping services business, a strategy to which we remain committed. I am proud of their unified determination to maintain the company's focus whilst growing and despite the potential distraction of our legal challenges. With strong roots in shipping, many loyal clients and our unequalled research base, the group is well equipped to continue to be the pre-eminent industry provider through organic growth, consolidation and the successful integration of people currently in private heritage shipbroking businesses. Our strategy is to continue this process in each of our global products.

Our expansion during 2007 has been principally organic, as we continued to maximise the integration and development of both businesses and teams acquired over the previous 24 months. We have maintained and extended our position as the global leader in shipping services and the core shipping competitor to the new breed of commodity and financial services groups lured by the increasing commoditisation of the freight process. We possess the ability to provide full client coverage to all markets in physical and synthetic bulk product and that is unparalleled. Clarksons' research and market knowledge enable us to form views based upon detailed analysis, extensive historical data and experience which we share with most in the industry as the demand for decision-making based upon sound analysis and benchmarking is ever increasing. We intend to broaden our client offering with increasing brokerage of the products, minerals and commodities that we ship.

The recognition that freight is a commodity and should be traded as such is largely responsible for our confidence that revenue growth is sustainable. The massive expansion of world trade and strong freight markets have justified our significant global growth and fuel our ability to fund new value-added initiatives. Our ongoing investment in IT enables us to provide and extend global support to all our valued clients through our extensive network of regional offices. We shall continue to grow regional presence, particularly in Asia but also with an eye to provide local representation. Globally we shall look to currently under represented areas including, for example, South America.

Growing revenues stem from increased market share in traditional shipbroking services plus the added complementary business units which have served to broaden our base. Our next significant financial services unit will be Clarkson Investment Services where we have assembled a team of leading investment bankers. This unit will fill the gap that exists from the very limited informed coverage currently on offer to the investment community. We aim to provide a better understanding of our industry to new investors in shipping and a greater comprehension of the significance of shipping through our enlarged team of sector and equity analysts. This newly-formed unit which follows our successful entry into fund management will further spread our income base. We shall focus on taking companies to the public markets, innovative funding and equity placement and mergers and acquisitions.

Our clear ambition is to be a one-stop shop for the broadest audience in shipping, always concentrating on higher margin businesses which will be accretive to shareholder returns. We continually review all areas of our business and have clearly outlined our future core activities. Consequently, we shall cease our shipowning business, Clarksons Logistics and dispose of the remaining assets - a process started in 2007 with the sale of the CFF Seine. We will also continue modernising and updating our business plan to embrace and lead the significant structural changes in our industry.

Team Clarkson has grown significantly over the last 12 months. The addition of new key employees attracted by our transparent incentive packages, and the unrivalled ability to deliver a global service to clients, has increased revenues and market share in the key areas of freight physicals and derivatives, sale and purchase and newbuilding. Clarksons research, data and ideas are at the heart of this growth delivered to an enlarged, better-informed and enthusiastic audience. We shall grow our analyst team during 2008, both in the UK and globally, to provide our clients with full market commentary.

Growth in shipping has been inevitable as it provides the core arteries to world trade which has been growing at a significant pace. Increased demand for delivery of raw materials and energy products over long distances is largely attributable to the Asian industrial boom. Correspondingly inflated commodity prices have not hindered the belief that higher freight levels can be justified for high quality service. Strategically it makes sense for us to deliver quality with an expanded service base which will reward shareholders and staff alike.

Richard Fulford-Smith
CHIEF EXECUTIVE
17 March 2008

BUSINESS REVIEW: OPERATIONS

Broking

Dry bulk chartering

Revenue: US\$102.9m (2006: US\$53.1m)

Result: £14.6m (2006: £6.0m)

Forward order book for 2008: US\$63m (At 31 December 2006 for 2007: US\$27m)

In 2007 rates for dry bulk carriers earnings set new records. Our chartering department performed significantly ahead of expectation, with success in both spot and term business throughout the year. The division started 2008 with a record forward order book.

Bulk carrier earnings prospered from the continued surge in raw material demand as Chinese steel production reached record levels. Port infrastructure constraints and a relative shortage of available ships resulted in a tight supply and demand balance which led to exceptionally high freight levels. Rate volatility increased with frequent changes in sentiment and derivative trading prospered as a result. Given the attractive yields of the shipping markets, speculative trading increased, also assisting the upward push.

Newbuilding contracts reached record levels in 2007, driven by the wealth reinvested back into the dry bulk sector. Delivery over the next few years, combined with the sale of single-hull tankers for conversion to dry bulk ships and reduction in scrapping, contribute to a market consensus of opinion forecasting a declining freight market in the longer term, despite our bullish expectations for 2008.

Clarksons dry bulk clientele comprises ship owners, cargo owners, charterers, traders and any other entity interested in trading seaborne freight. On the physical side freight cover is organised through contracts of affreightment, spot market deals or longer term period deals. Clarksons dry bulk teams are mainly organised in capesize, panamax, handymax and handysize.

Our dry bulk chartering vision is to apply a disciplined culture where our global capability creates the greatest value. Together with our extensive IT investments, Clarksons global dry bulk chartering team aims to maximise the value of a network of operations extending to local and regional markets in 13 different countries. Brokers are able to monitor real-time data and the dynamic moves of the market as presented in the derivative market, forging a comparative advantage in the highly competitive and dynamic shipping market.

Container chartering

Revenue: US\$7.0m (2006: US\$5.4m)

Result: £1.0m (2006: £0.6m)

Forward order book for 2008: US\$4m (At 31 December 2006 for 2007: US\$5m)

Despite concerns at the beginning of 2007 that the container market would fail to absorb the global newbuilding order book, trade expansion of approximately 10% ensured that boxship rates steadied and firmed during the year. In fact, Far East / Europe trade was particularly buoyant.

The container market is rapidly expanding and is the largest gross earner of freight across all sectors. Very large post panamax vessels (8,000 teu plus) are entering the market over the next few years in increasing numbers. Whilst these big ships are dominated by the major liner companies, who have their own marketing teams, the interaction between owners and the majors is significant and our teams will be built up to provide the same global coverage as we have elsewhere.

Clarksons has yet to fulfil its market share ambitions and the team is focusing on expansion in 2008. This is an area in which we can achieve significant growth. Our offices are in London, Shanghai, Singapore and Sydney and we expect to expand this further, particularly with the development of derivative products and the expansion of our sale and purchase and longer term chartering activities.

Deep sea chartering

Revenue: US\$46.3m (2006: US\$45.1m)

Result: £5.9m (2006: £5.7m)

Forward order book for 2008: US\$8m (At 31 December 2006 for 2007: US\$7m)

Revenue, in US dollar terms, increased in 2007. This resulted from further gains in market share and, on average, a reasonable deep sea freight market. The exception was VLCCs, where rates were soft throughout the year. Although product rates were robust west of Suez in the first six months of the year, east of Suez they did not fair so well. Consequently, to have increased revenues exhibits just how strongly our spot teams performed. We also made significant advances on the timecharter and projects desk which bodes well for future years.

One cannot underestimate the positive impact that the commoditisation of freight has had on the tanker market. Further consolidation combined with rapid growth in the freight futures market is set to continue in 2008. Clarksons remains fully equipped to assist the global tanker industry adapt to the many changes that are now sweeping through the market.

Clarksons' deep sea business has grown to have a significant presence in London, Singapore, Houston, Geneva, New Delhi and Dubai. This global coverage, combined with our extensive portfolio of clients including all oil company majors, oil traders and shipowners gives Clarksons an unparalleled position in the deep sea market.

As we enter 2008 the trend to trade freight in a more sophisticated way may provide a backdrop of increased volatility for charterers. Clarksons remains well placed in all deep sea tankers sections, from refined clean petroleum and dirty petroleum products, plus all crude oil markets up to VLCC, to leverage its position as the world's largest shipping services provider.

Finally the unfortunate incident on the Hebei Spirit remains a source of discussion in certain sectors of the tanker industry and it will be interesting to see if the 2010 phase out of single skin vessels is brought forward on a significant scale.

Specialised products

Revenue: US\$27.1m (2006: US\$19.5m)

Result: £2.6m (2006: £1.9m)

Forward order book for 2008: US\$9m (At 31 December 2006 for 2007: US\$9m)

The integration of businesses acquired in 2006, together with further expansion of our global activities continues to underscore Clarksons major commitment to this market segment.

Global coverage within this sector provides us with the ability to maintain genuine root contact with our rapidly expanding multinational client base of important oil and energy groups, chemical companies and niche customers within the specialised products sector.

There are specialised products teams in Singapore, London and Houston, and we are establishing new operations in Geneva and Hamburg. Our ability to provide global coverage to an increasing charterer and ship owner clientele is recognised and with their encouragement we will continue to maintain the drive towards regional and centralised growth.

Large tranches of the specialised products business are controlled by significant operators for whom we aim to provide a bespoke service. We provide dedicated and specialist advice coupled with logistics input. Contracts of affreightment, time charters or indeed spot fixtures arising from such advice are efficiently serviced by a dedicated team of operators and analysts.

The specialised products business involves a high level of operational support. Increasingly we are acting as the outsourcer to much of our existing client base regardless of whether they are large or small. The structure of our global operation and the ability to provide full analytical and logistic support places us in a position whereby consolidation and growth can be achieved in tandem.

Petrochemical gas

The petrochemical gas chartering business complements the activities of our specialised products and gas chartering divisions. The team provides comprehensive brokerage services to the same producers and traders active in all three market places.

The petrochemical gas team is based in London and Singapore and has just completed its first full year of trading as a separate entity. During the year, it has secured a significant share of this exciting and expanding sector of the bulk shipping market. The wealth of experience within the team ensures it is well placed to take full advantage of growth opportunities in different parts of the globe.

Gas

Revenue: US\$13.4m (2006: US\$10.2m)

Result: £1.3m (2006: £1.3m)

Forward order book for 2008: US\$7m (At 31 December 2006 for 2007: US\$4m)

The gas market in 2007 was very challenging. Generally, tight LPG supplies in the Middle East, together with the delayed start-up of a number of major new LPG projects, and accelerating deliveries of newbuildings, resulted in a weak market for the largest vessels (VLGCs). In other sizes, a combination of high levels of term cover and generally unexciting conditions in spot markets led to diminished transaction volumes. Against this difficult background, our excellent team of brokers has significantly increased its market share and also booked a number of sale and purchase deals, producing very good spot revenues and forward business. Our well equipped team of dedicated specialists, who are particularly strong in LPG, ammonia and petrochemical gases, continues to extend their influence and, with the support of our analysts, will further grow our product brokerage activities in 2008.

LPG and LNG are sourced from oil and gas fields which are typically located outside the principal import markets, whilst smaller quantities are produced in the oil refining process. Over the next couple of years there will be a significant increase in the number of new gas fields to serve the market, including those associated with new LNG projects as they come on stream. LPG trade is set to grow significantly but the market is already equipped with a large number of newbuildings to meet the increased demand. This rapid rate of newbuilding deliveries, unfortunately in advance of the start-up of the new volumes, is having an impact on freight rates for the largest LPG carriers. As a result, significant action would appear to be required from owners to reduce the current oversupply of tonnage.

The successful acquisition of the remaining 50% of LNG Shipping Solutions was concluded in 2007. Our activity is focused in London which remains the principal centre for the trading of the product, although we also have an increasing presence in Houston. Our freight coverage is enhanced by the presence of product brokers working in both our centres on the LPG side, and this is something that we intend to develop further. Indeed Clarksons recognises the advantages of freight and commodities brokerage businesses sitting side-by-side. Going forward, we believe, some of our future competition will stem from the inter-dealer broking community which has been particularly focused on trading physical and derivative products in energy businesses.

Sale and purchase broking

Revenue: US\$74.8m (2006: US\$38.2m)

Result: £6.2m (2006: £3.5m)

Forward order book for 2008: US\$40m (At 31 December 2006 for 2007: US\$21m)

In 2007, secondhand sales were up 30% in volume and 50% in value with total global revenue exceeding US\$53bn. Newbuilding activity continued at an incredible pace and the number of deals surpassed all expectations.

The stellar performer was the dry bulk market where values increased by 77%, resulting in a comparable increase in the stock price of quoted dry bulk companies. This drew attention to shipping in the public markets and our sale and purchase brokers were able to benefit from this development to grow market share. At the same time we took a lead position in the tanker sale and purchase segment.

Clarksons has for a number of years been recognised as an organisation capable of uniquely placing blocs of ships. With the establishment of the Investment Services team our activity in mergers and acquisitions is anticipated to increase significantly. Clarksons operate in every single freight market sector and this sets us aside from all of our competitors and allows us to leverage off our research and consultancy base. This should see our income in sale and purchase broking and investment banking further propel revenues.

Sale and purchase broking activities extend to our Asian offices of Hong Kong, Shanghai and Singapore. However, we are also unique in having a very significant and profitable operation in Greece. Our Piraeus and Asian offices have greatly enhanced our global coverage and our team in Greece have been particularly successful in demonstrating the advantages to the local community of the Clarksons presence and the extension of our global reach.

Our newbuilding desk acts as an intermediary in the placing of contracts by ship owners for new vessels with shipyards. The scale of our involvement in shipbuilding places us in a position of great relevance to the ship building community with whom we undertake a lot of research and consultancy in addition to our broking business. In conjunction with our research department we provide our clients with ideas and initiatives to enhance their business plans. We also operate the 'Shipbuilding Club' which analyses future demand trends for ship builders, sub-contractors and sub-suppliers.

Through our Shanghai newbuilding desk we provide an important service to the emerging Chinese shipbuilding community as well as leading our shipowner clients through the process of doing business in China. Our broader client base is well demonstrated by our placement of orders in China for local, domestic clients. The majority of newbuilding revenue is invoiced on a 'forward order book' basis. As 2007 was a particularly active year for our newbuilding department, the benefit will be seen over the coming years as ships are delivered.

Research

Research services

Revenue: £6.0m (2006: £5.2m)
Result: £1.2m (2006: £1.0m)

Clarkson Research Services Limited continued to perform strongly, with sales up 15% on the previous year. Digital product sales grew rapidly, but it was also a successful year for hard copy products. The customer services and consultancy sections also performed well, benefiting from the high level of activity of shipping companies in the financial markets. The business continues to widen its base as an information provider and by developing its sales and marketing capability. During the year, the integration of the offshore structures database was completed, as was the new database of public shipping companies, covering maritime companies listed on 39 different exchanges. In the merchant shipping area our fleet coverage was extended to include ferries and cruise ships.

Clarkson Research Services Limited provides the shipping and offshore industries with a wide range of market information from its extensive proprietary databases. Its income derives from subscriptions to periodical reports, directories, digital and online data provision, maps and from services and consultancy provided to external clients and within the group.

The scope of information provided is encapsulated in the market-leading service Shipping Intelligence Network, which supplies on-line information about all the major shipping segments including ships, shipbuilding and commercial markets. Clarkson Research provides a range of digital publications and an extensive time series database. The time series database is now widely used across the shipping industry.

The development of offshore information continues with a successful new shipping diary range and advertising sales. Our Shanghai office continues to expand, and in addition to China Intelligence Monthly maintains a comprehensive database and market intelligence system about the Chinese shipbuilding industry.

Financial

Futures broking

Revenue: US\$32.9m (2006: US\$16.7m)
Result: £5.5m (2006: £2.5m)
Forward order book for 2008: US\$26m (At 31 December 2006 for 2007: US\$7m)

In 2007, futures broking trade volumes exceeded expectations, with revenues up by 97% and profit more than doubling. As a result we grew our team, which is focused now in London and Hong Kong.

Clarksons remains the world's foremost arranger of Forward Freight Agreement (FFA) trades, having formulated the concept almost 20 years ago. The FFA is a principal to principal, cash settled contract for difference based upon standardised cargo routes or timecharter indices. Settlement of these contracts is against indices generated by the Baltic Exchange.

Much of this business was historically undertaken over the counter with the principals bearing counter party risk, although several institutions including LCH/Clearnet, SGX and NOS now offer clearing facilities which has enhanced the usability of the products. We have seen the development of an options market, which trades alongside the well established swap activities. The market is divided into two core elements of dry and wet and Clarksons has significant teams in both products.

Clarkson Securities Limited, through which all futures activity is arranged, is regulated by the UK Financial Services Authority (FSA).

Fund management

Revenue: US\$5.2m (2006: US\$0.9m)

Result: £0.6m (2006: £0.0m)

Funds under management at 31 December 2007: US\$168m (2006: US\$47m at 31 December 2006)

The hedge fund, for which Clarksons operates as discretionary manager, generated a return to investors for the year of 26.7% net of all fees. This puts the fund into the top 10% of the 1,356 performers listed in the Eurohedge database during 2007. Funds under management increased significantly and have now reached a level where the underlying costs of the operation are covered by management fees.

Investing in the shipping hedge fund enables institutional investors who have no direct experience of the complex market of shipping to have exposure to this sector. Clarkson Fund Management Limited (CFML), a wholly owned London based subsidiary of Clarkson PLC, is authorised and regulated by the FSA to undertake discretionary investment management activities for the Cayman Island based Clarkson Shipping Hedge Fund.

The fund invests in shares of shipping and shipping related companies and in freight derivatives taking long and /or short positions based on a combination of fundamental, technical and tactical analysis.

Financial and investment services

Revenue: US\$2.6m (2006: US\$4.3m)

Loss: £0.3m (2006: profit £0.7m)

The financial services team, whose results are linked to success with major financing projects, was unable to generate the same return as in 2006.

Investment services

Towards the end of 2007 we started to create an investment services team. This team will be developed over the coming year, with centres in the UK, US and Middle East. The establishment of the new investment services team cost £0.5m in 2007.

Financial services

Clarkson Financial Services (CFS) concentrates on three major areas of business:

- Structuring and arrangement of shipping-related projects;
- Advisory work for financial institutions;
- Ship operation.

CFS works alongside Clarkson Fund Management Limited, concentrating on investors keen to invest in physical assets, rather than shares in shipping companies, as well as developing a range of other shipping services.

Our experienced team, which is based in London, has a good track record and long-standing relationships with various financial institutions, particularly in Germany.

Support

Port and agency services

Revenue: £3.8m (2006: £1.9m)

Result: £0.2m (2006: £0.2m)

2007 saw a full year's revenue and result for port and agency services, originally acquired in 2006 from Genchem. The business recorded increased numbers of ships' agency attendances and significantly higher grain exports and animal feed imports.

Ships' agency

The ships' agency activity is concentrated in five locations in the UK: Avonmouth, Birkenhead, Great Yarmouth, Ipswich and Southampton.

We earn fee income from attending to all the needs of a ship in port, from arranging pilots, boatmen and cargo handlers to procuring the services of tugs, chandlers and the like.

Stevedoring and warehousing

The stevedoring and warehousing unit operates from sites within the ports of Ipswich and Great Yarmouth. Operating principally as bulk agricultural dry goods warehouses and stevedoring terminals there are two main income streams. These are from the export and import of grains, animal feeds and similar commodities to and from the near continent, Europe and North Africa.

Revenue is generated from exports in the form of vessel loading of ex-farm commodity, transit from store to vessel, cargo analysis, and weighbridge charges. Import operations attract revenue from vessel discharging, transit to store, re-delivery from store and rental income.

Property services

Revenue: £6.5m (2006: £6.2m)

Result: £1.0m (2006: £0.9m)

Clarkson PLC acquired the head lease of St Magnus House, in Lower Thames Street, London EC3, with an unexpired term of 11 years, from HSBC Bank in December 2004. Clarksons occupies 40,000 square feet of the building out of a total of 136,000 square feet, representing approximately 30% of the available space. All the available space in the building is let.

Logistics and technical services

Revenue: US\$7.8m (2006: US\$2.4m)

Loss: £2.1m (2006: loss £0.3m)

Logistics

Logistics remains a non-core activity of the group.

The Pacific Dhow was purchased in September 2005 to service a four year contract the group had secured to transport jet fuel to Hong Kong International Airport from a local refinery. The original contract was terminated by the charterer in January 2008. We are evaluating the best options available now that the vessel is free of the original contract.

In May 2007, a further vessel, the Jet Express, was acquired as a possible replacement for the Pacific Dhow given it was more suited to undertake the original jet fuel transport contract. Following the termination of the jet fuel contract after the year end, we are reviewing how best to utilise this asset.

The wholly owned freight ferry CFF Seine was sold in November 2007.

Technical services

The technical services operation generated gross revenues of £2.8m in its first year of trading. Various joining incentive arrangements, which are expensed in full in the period, resulted in a small loss. This situation should not recur in 2008.

The technical services team concentrates on:

- Provision of skilled riding squads ex-shipyard. Worldwide availability for logistic reasons and with US visas performing repairs at sea as an alternative to costly dry-dock repairs;
- Project management with turnkey solutions including dealing with class and plan approvals, vessel modernisation, new installations, conversions, compliance with new regulations, boiler renewals/repairs, steel renewals, main engine and diesel generator overhauls, turbocharger overhauls, hydraulic systems, cargo pumps and systems.

All work performed with our skilled labour and under full guarantee;

- Ship inspections, class record inspections;
- Ultrasonic thickness measurement/steel specifications;
- Dry-dock and newbuilding supervision;
- Superintendent services;
- Blasting and coatings works – hydro / sand blasting of decks and tanks.

Technical services are provided from London, Dubai, Fujairah and Singapore.

KEY PERFORMANCE INDICATORS

The performance of the group's business is analysed by desk, division and business segment.

Segmental performance is reviewed on revenue, overhead and operating margin.

Owing to the nature of shipbroking, estimates of new business concluded are analysed between 'spot' revenue, which is invoiced during the current financial year, and the forward order book which will be invoiced in future years. The forward order book relating to billable revenues in the following financial year is summarised as follows:

	At 31 December 2007 for invoicing In 2008 US\$m	At 31 December 2006 for invoicing in 2007 US\$m	Increase / (decrease) US\$m	Increase / (decrease) %
Dry bulk chartering	63	27	36	133
Container chartering	4	5	(1)	(20)
Deep sea chartering	8	7	1	14
Specialised products chartering	9	9	-	-
Gas chartering	7	4	3	75
Sale and purchase broking	40	21	19	90
Futures broking	26	7	19	271
	157	80	77	96

The group monitors the level of outstanding commissions on a regular basis and believes that the amount of working capital tied up in such balances can be significantly reduced over the coming year.

Richard Fulford-Smith
CHIEF EXECUTIVE
17 March 2008

BUSINESS REVIEW: FINANCE

Income statement

Results

Following a very buoyant year, the group reports a record profit of £31.6m on continuing operations before the exceptional item and taxation; an increase of 43% over the prior year. After the exceptional item, profit before taxation was £25.6m for the year ended 31 December 2007 (2006: £22.1m), an increase of 15%.

Earnings per share on continuing activities were 96.4p per share (2006: 87.2p per share), an 11% increase.

When combined with the 5.5p per share from discontinued activities (2006: loss of 0.6p per share), total basic earnings per share on profit for the year amounted to 101.9p (2006: 86.6p)

Revenue

Revenues from continuing operations increased 49% to £173.4m from £116.6m. Segmental revenue is fully explained in note 3 below. Revenues increased in all business segments other than financial and investment services and deep sea chartering (although in dollar terms revenue for this segment has increased). The most significant increase in revenues derived from the dry bulk chartering, futures broking and sale and purchase divisions. This increase was a reflection of the buoyant market, growth in our market share, increasingly sophisticated users of hedging instruments and the successful integration of new teams acquired during 2006.

29% of revenues and 32% of profits arise from overseas, where the group has continued to invest in meeting both the local and global needs of our clients.

Administrative expenses

As the group has grown over the past 12 months, both organically and by acquisition, staff costs have increased by £35.4m. The company continues to attempt to keep fixed remuneration increases to a minimum, with a key element of remuneration being performance related bonuses. Included within administrative expenses are the following:

- A £6.0m exceptional item, representing a provision in relation to the outstanding litigation from two recently merged Russian shipping companies. This amount has been determined by the directors, after taking advice and without any admission of liability, based upon a detailed review of all the information available to them.
- £3.2m for legal costs of defending the claims set out above, as indicated to the market at the half year.
- £2.4m of acquisition costs of new teams, particularly within the Sale & Purchase department. These costs will not recur in 2008, however up front costs to employ new staff and teams are used where appropriate and necessary.

Foreign exchange

The majority of Clarkson's revenue is US dollar denominated and therefore its results are heavily impacted by the sterling/US dollar exchange rate. At 31 December 2007 the sterling exchange rate was US\$1.99, a slight weakening since 31 December 2006 when the rate was US\$1.96. During the year the sterling exchange rate moved from a trough of US\$1.93 to a peak of US\$2.11. The group used spot currency contracts to convert cash collected into local currency to meet operating costs, resulting in an average sterling exchange rate for the period of US\$2.01 (2006: US\$1.86). No forward contracts were used during 2007. Exchange losses amounted to £0.4m (2006: loss £2.2m).

Finance revenue and costs

The group initially invested US\$20m seed capital in the hedge fund in May 2006. As of 1 January 2007 this had increased to US\$21.3m invested. During the year to 31 December 2007, the fund made investment returns, net of fees, of 26.7% or £2.7m (2006: £0.7m). The group rebased seed capital back to the initial US\$20m, from the beginning of 2008.

Although borrowings remained constant throughout 2007 at £51.8m, finance costs increased as a result of the higher level of average borrowings compared to 2006, during which borrowings increased by £43.6m. Of the £51.8m borrowings at the year end (2006: £51.8m), £23.7m remained in cash and cash equivalents at the year end (2006: £16.0m).

Other finance revenue, which relates to the impact of pension accounting, reflects the expected returns on the assets of the schemes less the interest cost on the liabilities of the schemes. The 2007 profit of £1.1m (2006: £1.1m) reflects the matched assets and liabilities but with a greater expected return than interest cost. 2008 will show a lower profit, given the underlying net asset position and the smaller difference between expected rates of return and discount rates.

Taxation

The effective tax rate on continuing operations was 32.8% (2006: 32.6%). The overall effective tax rate on continuing and discontinued operations was 32.6% (2006: 31.2%).

The overall tax rate is higher than the standard rate of UK tax of 30.0% due to the impact of disallowable trading expenses and impairment adjustments which are not eligible for income tax relief.

Dividends

The directors are recommending that, in line with our progressive dividend policy and reflecting our confidence in the business plan, the total dividend for the year increases to 40p per share (2006: 36p per share). The final dividend of 26p per share will be paid to shareholders on 6 June 2008. In accordance with International Financial Reporting Standards, the amount of the final dividend is not provided in the 2007 financial statements as it will be paid in the following year.

Statement of recognised income and expense

The major movements in the statement of recognised income and expense relate, as in 2006, to the actuarial gains of £0.9m on the defined benefit pension schemes (2006: £4.3m) and exchange gains of £0.3m (2006: £2.4m loss) on the translation of overseas operations' results.

Balance sheet

Non-current assets

The significant increases in non-current assets are:

- Intangibles arising on acquisition of £4.7m – all goodwill;
- The gain on the seed capital invested in the hedge fund (£2.7m);
- The presentation of the £9.9m asset relating to the combined defined benefit schemes.

Current assets

Trade and other receivables have increased due to the high level of income generated and invoiced in the latter part of the year. During 2007, the group has increased resources dedicated to managing debtor balances, and has achieved a significant reduction in the ageing of these debts. Consequently, the increase is lower than expected from the volume of activity.

Cash balances include amounts set aside for the payment of bonuses after the year end relating to the results of the year and amounts due to trade creditors.

Current liabilities

In common with previous years, bonuses are accrued at the end of the year, for payment after the year end. At 31 December 2007 this amounted to £47.7m (2006: £23.2m). There is also an amount of £4.2m relating to deferred consideration on acquisitions.

Non-current liabilities

The company maintained its £50.0m three year revolving facility from Barclays Bank PLC. As at the year end £48.6m (2006: £47.7m) was drawn down. A further £3.2m (2006: £4.1m) was borrowed from DVB Bank in Singapore secured on the MV Pacific Dhow.

Capital and reserves

The company issued further shares during the year to meet current and future obligations arising on the various acquisitions. A total of 513,087 shares were issued for a consideration of £4.9m.

Cash flow

Cash generation remains a key strength of the group.

During the year the group accumulated cash as profit linked bonus entitlements were accrued; bonuses are paid in February and May following the end of the financial year.

At the end of the financial year the aggregate cash balance had increased to £115.3m (2006: £74.8m).

Subsequent to the year end a number of significant payments will be made totalling £52.6m (2006: £27.5m). These include £47.7m in staff bonuses relating to 2007 (2007 in relation to 2006: £23.2m) and a £4.9m final dividend payment relating to 2007 (2007 in relation to 2006: £4.3m).

Acquisitions

In May 2007 the group announced the acquisition of the remaining 51% in Cofimar SA for a further consideration of £1.5m satisfied in cash and shares.

Also in May 2007 we acquired the remaining 50% of LNG Shipping Solutions for a consideration of £1.1m, satisfied in cash.

In July 2007 we announced the acquisition of Normarine Offshore Consultants for a consideration of £1.4m satisfied in shares.

Discontinued activities

In November 2007, Clarkson Ferries sold its only remaining asset, the CFF Seine and ceased operations.

Segmental reporting

The financial statements continue to provide a detailed analysis of the operating performance of the full range of business activities undertaken by the Clarkson group, to provide shareholders with a fuller understanding of the spread of business activity.

Pensions

The company now operates two defined benefit schemes: the Clarkson PLC pension scheme and the Plowrights defined benefit scheme.

Defined benefit pension arrangements give rise to open ended commitments and liabilities for the sponsoring company. As a consequence the company closed the original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004 and closed this section for further accrual to all existing members as from 31 March 2006. The Plowrights scheme was closed to new entrants and to further accrual with effect from 1 January 2006. From 1 April 2006 all pension benefits accrued in the UK arise in defined contribution schemes.

The Clarkson PLC defined benefit pension scheme surplus at the end of 2007 was £9.9m. The Plowrights scheme also has a small surplus of £0.4m but the company is unable to recognise this as an asset in its balance sheet.

The group also operates a variety of pension arrangements throughout the world, all of which are either provided by the state or are defined contribution schemes.

Risk management

The identification, control and monitoring of risks facing the business remains a management priority and steps continue to be taken to improve further our risk management procedures. The risks monitored include operational, market, treasury, credit, legal and reputational risk.

Liquidity risk

The group's policy is to maintain borrowings and facilities at a level such that they provide access to funds sufficient to meet all of its foreseeable requirements. At the end of the year the company had short- and medium-term borrowing facilities of £50.0m (2006: £55.0m) of which £48.6m was drawn down (2006: £47.7m). Taking the group's bank facilities and strong operating cash flow generation, the group is well placed to fund future developments of its global business.

Interest rate risk

The majority of the group's borrowings are at variable rates of interest. We keep under constant review the appropriateness of this exposure to interest rate movements.

Foreign exchange risk

As stated, the US dollar is the major trading currency of the group. Movements in the US dollar relative to other currencies, particularly sterling, have the potential to impact the results of the group as was evident in 2007 both in terms of the operating results and the revaluation of the balance sheet.

Credit risk

In common with most other companies, the group is exposed to credit-related losses in the event of non-payment of invoices. The group mitigates this risk by closely monitoring amounts outstanding from all sources and by adopting a conservative approach to accounting for bad debt.

Share price

The share price at 31 December 2007 was £10.20. During 2007 the share price ranged from a low of £7.96 in January to a high of £11.12 in October.

Compliance and regulation

Clarksons has two subsidiaries which are authorised and regulated by the UK Financial Services Authority (FSA).

Clarkson Securities Limited provides futures broking services and Clarkson Fund Management Limited provides investment management services to the Clarkson Shipping Hedge Fund.

Both companies have strong balance sheets to comply with regulatory capital adequacy requirements.

Jeff Woyda
FINANCE DIRECTOR
17 March 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Before exceptional item £m	Exceptional item £m	2007 After exceptional item £m	2006 £m
Revenue – continuing operations	173.4	-	173.4	116.6
Cost of sales	(3.3)	-	(3.3)	-
Trading profit	170.1	-	170.1	116.6
Administrative expenses	(143.7)	(6.0)	(149.7)	(98.6)
Operating profit – continuing operations	26.4	(6.0)	20.4	18.0
Share of profits of associates and joint ventures	0.4	-	0.4	0.4
Finance revenue	6.9	-	6.9	4.2
Finance costs	(3.2)	-	(3.2)	(1.6)
Other finance revenue – pensions	1.1	-	1.1	1.1
Profit before taxation – continuing operations	31.6	(6.0)	25.6	22.1
Taxation	(10.2)	1.8	(8.4)	(7.2)
Profit for the year – continuing operations	21.4	(4.2)	17.2	14.9
Profit / (loss) for the year from discontinued operations	1.0	-	1.0	(0.1)
Profit for the year	22.4	(4.2)	18.2	14.8
Attributable to:				
Equity holders of the parent	22.4	(4.2)	18.2	14.8
Earnings per share				
Basic – continuing operations	119.9p		96.4p	87.2p
Diluted – continuing operations	118.6p		95.3p	86.9p
Basic – profit for the year	125.4p		101.9p	86.6p
Diluted – profit for the year	124.1p		100.8p	86.3p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2007

	2007 £m	2006 £m
Actuarial gain on employee benefits – net of tax	0.9	4.3
Foreign exchange differences on retranslation of foreign operations	0.3	(2.4)
Total recognised directly in equity	1.2	1.9
Profit for the year	18.2	14.8
Total recognised income and expense for the year	19.4	16.7
Attributable to:		
Equity holders of the parent	19.4	16.7

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	2007 £m	2006 £m
Non-current assets		
Property, plant and equipment	18.6	20.1
Investment property	0.4	0.4
Intangible assets	47.2	42.4
Investments in associates and joint ventures	1.1	2.6
Trade and other receivables	2.0	0.4
Investments	16.4	14.0
Employee benefits	9.9	7.1
Deferred tax asset	3.3	3.7
	98.9	90.7
Current assets		
Trade and other receivables	43.4	30.5
Cash and short-term deposits	115.3	74.8
Income tax receivable	0.8	0.6
	159.5	105.9
Current liabilities		
Interest-bearing loans and borrowings	(0.8)	(0.9)
Trade and other payables	(101.4)	(66.6)
Provisions	(0.3)	(0.6)
Income tax payable	(3.8)	(2.0)
	(106.3)	(70.1)
Net current assets	53.2	35.8
Non-current liabilities		
Interest-bearing loans and borrowings	(51.0)	(50.9)
Trade and other payables	(3.1)	(5.0)
Provisions	(6.7)	(0.5)
Deferred tax liability	(7.3)	(4.7)
	(68.1)	(61.1)
Net assets	84.0	65.4
Capital and reserves		
Issued capital	4.7	4.5
Share premium	25.4	20.7
ESOP reserve	(3.5)	(3.7)
Deferred share consideration	0.9	1.1
Employee benefits reserve	0.8	-
Capital redemption reserve	2.0	2.0
Profit and loss	54.7	42.1
Currency translation reserve	(1.0)	(1.3)
Clarkson PLC group shareholders' equity	84.0	65.4

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	2007 £m	2006 £m
Cash flows from operating activities		
Profit before tax from continuing operations	25.6	22.1
Profit / (loss) before tax from discontinued operations	1.4	(0.6)
Profit before tax	27.0	21.5
Adjustments for:		
Depreciation	2.5	2.6
Profit on sale of property, plant and equipment	(1.9)	-
Profit on sale of investments	(0.1)	-
Amortisation and impairment of intangibles	1.4	0.5
Provision for investments in associates and joint ventures	0.5	-
Difference between ordinary pension contributions paid and amount recognised in the income statement	(0.5)	(0.4)
Share of profits of associates and joint ventures	(0.4)	(0.4)
Finance revenue	(6.9)	(4.2)
Other finance revenue – pensions	(1.1)	(1.1)
Finance costs	3.2	1.6
Increase in trade and other receivables	(12.5)	(2.4)
Increase / (decrease) in bonus accrual	18.4	(9.4)
Increase in trade and other payables	21.8	13.0
Increase / (decrease) in provisions	5.9	(3.0)
Cash generated from operations	57.3	18.3
Income tax paid	(4.9)	(8.3)
Interest paid	(3.2)	(1.6)
Net cash flow from operating activities	49.2	8.4
Cash flows from investing activities		
Interest received	3.5	1.7
Purchase of property, plant and equipment	(3.3)	(2.2)
Proceeds from sale of investments	0.3	-
Proceeds from sale of property, plant and equipment	4.0	0.1
Purchase of investments	-	(11.2)
Special contribution to pension scheme	-	(6.7)
Investment in associates and joint ventures	(0.8)	(0.7)
Disposal of associate	0.2	-
Acquisition of subsidiaries and businesses, including deferred consideration	(3.1)	(8.8)
Cash acquired on acquisitions	1.7	3.3
Dividends received from associates and joint ventures	0.6	0.3
Dividends received from investments	0.5	1.8
Net cash flow from investing activities	3.6	(22.4)
Cash flows from financing activities		
Dividends paid	(6.7)	(5.7)
Proceeds from borrowings	0.9	44.8
Repayments of borrowings	(0.9)	(1.2)
ESOP shares acquired	(6.1)	(3.1)
Net cash flow from financing activities	(12.8)	34.8
Net increase in cash and cash equivalents	40.0	20.8
Cash and cash equivalents at 1 January	74.8	55.1
Net foreign exchange differences	0.5	(1.1)
Cash and cash equivalents at 31 December	115.3	74.8

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

1 General information

The preliminary announcement of results for the year ended 31 December 2007 is an extract from the forthcoming 2007 annual report and does not constitute the group's statutory financial statements for 2007 nor 2006. Statutory financial statements for 2006 have been delivered to the Registrar of Companies, and those for 2007 will be delivered following the company's annual general meeting. The auditors have reported on the 2006 financial statements; their report was unqualified and did not contain statements under Sections 237(2) or (3) of the Companies Act 1985.

2 Accounting policies

Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the European Union, this announcement does not itself contain sufficient information to comply with IFRSs. The company expects to publish full financial statements that comply with IFRSs on 9 April 2008.

3 Segmental analysis

Segmental information on continuing operations for revenue and results is as follows:

Business segments	Revenue		Results	
	2007 £m	2006 £m	2007 £m	2006 £m
Dry bulk chartering	51.3	28.6	14.6	6.0
Container chartering	3.5	2.9	1.0	0.6
Deep sea chartering	23.1	24.3	5.9	5.7
Specialised products chartering	13.5	10.5	2.6	1.9
Gas chartering	6.7	5.5	1.3	1.3
Sale and purchase broking	37.3	20.6	6.2	3.5
Research services	6.0	5.2	1.2	1.0
Futures broking	16.4	9.0	5.5	2.5
Fund management	2.6	0.5	0.6	-
Financial and investment services	1.3	2.3	(0.3)	0.7
Port and agency services	3.8	1.9	0.2	0.2
Property services	6.5	6.2	1.0	0.9
Logistics and technical services	3.9	1.3	(2.1)	(0.3)
	175.9	118.8		
Less property services revenue arising within the group	(2.5)	(2.2)		
Segment revenue/results	173.4	116.6	37.7	24.0
Unallocated other costs			(5.9)	-
Head office costs			(5.7)	(4.0)
Unallocated foreign exchange differences			0.3	(2.0)
Operating profit before exceptional item			26.4	18.0
Exceptional item			(6.0)	-
Operating profit after exceptional item			20.4	18.0
Share of profits of associates and joint ventures			0.4	0.4
Finance revenue			6.9	4.2
Finance costs			(3.2)	(1.6)
Other finance revenue - pensions			1.1	1.1
Profit before taxation			25.6	22.1
Taxation			(8.4)	(7.2)
Profit after taxation			17.2	14.9

4 Exceptional item

The Board has decided, without any admission of liability, to make a provision of £6.0m against the existing claims from Sovcomflot and Novoship, the Russian state-owned shipping companies. Further details are provided in note 11.

5 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2007 Before Exceptional item £m	2007 After Exceptional item £m	2006 £m
Earnings – continuing operations	21.4	17.2	14.9
Earnings – discontinued operations	1.0	1.0	(0.1)
Profit for the year	22.4	18.2	14.8

	2007 Number millions	2006 Number millions
Weighted average number of ordinary shares	17.8	17.1
Diluted weighted average number of ordinary shares	18.0	17.2

6 Intangible assets

	Intangibles £m	Goodwill £m	Total £m
Cost			
At 1 January 2007	6.8	36.1	42.9
Acquisition of subsidiaries and businesses	-	4.7	4.7
Deferred consideration adjustment	-	1.3	1.3
Foreign exchange differences	-	0.2	0.2
At 31 December 2007	6.8	42.3	49.1
Amortisation and impairment			
At 1 January 2007	-	0.5	0.5
Amortisation	1.4	-	1.4
At 31 December 2007	1.4	0.5	1.9
Net book value at 31 December 2007	5.4	41.8	47.2
Net book value at 31 December 2006	6.8	35.6	42.4

On 17 May 2007 the group acquired the controlling 51% interest in Cofimar SA ('Cofimar'). Cofimar provides dry bulk chartering services in Paris. The group originally acquired 49% of Cofimar in 2001.

On 23 May 2007 the group completed the acquisition of the other 50% shareholding in LNG Shipping Solutions Limited ('LNGSS'). LNGSS predominantly serves liquefied natural gas. The group subscribed £25,000 for 50% of LNGSS in 2001.

On 5 July 2007 the group acquired Normarine Offshore Consultants (USA) ('Normarine'). Normarine provides broking services in the off-shore project markets. No individual assets or liabilities exceeded £50,000. Total net assets were less than £50,000. There were no separately identifiable intangible assets; the entire cost of acquisition has been allocated to goodwill.

Cofimar and LNGSS have been accounted for as step acquisitions. The book and fair values of the identifiable assets and liabilities of Cofimar, LNGSS and Normarine at each stage of acquisition were as follows:

Acquired in 2007

	Cofimar		LNGSS		Normarine		Total	
	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m
Investments	0.1	0.1	-	-	-	-	0.1	0.1
Trade receivables	0.1	0.1	-	-	-	-	0.1	0.1
Other receivables	-	-	0.1	0.1	-	-	0.1	0.1
Cash and short-term deposits	0.3	0.3	1.4	1.4	-	-	1.7	1.7
	0.5	0.5	1.5	1.5	-	-	2.0	2.0
Trade and other payables	(0.5)	(0.5)	(0.8)	(0.8)	-	-	(1.3)	(1.3)
Income tax payable	-	-	(0.5)	(0.5)	-	-	(0.5)	(0.5)
	(0.5)	(0.5)	(1.3)	(1.3)	-	-	(1.8)	(1.8)
	-	-	0.2	-	-	-	0.2	-
Fair value of net assets		-		0.2		-		0.2
Accumulated reserves		-		(0.1)		-		(0.1)
Goodwill arising on acquisitions		1.5		1.0		1.4		3.9
		1.5		1.1		1.4		4.0

Previously acquired

	Cofimar £m	LNGSS £m	Total £m
Fair value of net assets	0.3	-	0.3
Goodwill arising on previous acquisition	0.8	-	0.8
Consideration previously paid	1.1	-	1.1

Cofimar was accounted for as an associate in 2006. Goodwill relating to Cofimar was previously included within investments in associates.

	Cofimar £m	LNGSS £m	Normarine £m	Total £m
Discharged by:				
Fair value of shares issued	1.3	-	1.4	2.7
Cash	-	1.1	-	1.1
Costs associated with acquisition, settled in cash	0.2	-	-	0.2
Consideration previously paid	1.1	-	-	1.1
	2.6	1.1	1.4	5.1

7 Investments

Investments include US\$27m held in the shipping hedge fund. The group rebased seed capital back to US\$20m at the beginning of 2008.

8 Employee benefits

The group operates two defined benefit schemes.

As at 31 December 2007 these schemes had a combined surplus of £10.3m, but the company was unable to recognise the £0.4m surplus in the Plowrights scheme and thus shows an employee benefit surplus of £9.9m. The market value of the assets is £132.6m and independent actuaries have assessed the present value of funded obligations at £122.3m. The company has provided deferred tax on the £9.9m reported surplus amounting to £2.8m.

9 Analysis of net funds

	31 December 2006 £m	Reallocation £m	Cash flow £m	Foreign Exchange Differences £m	31 December 2007 £m
Cash and short-term deposits	74.8	-	40.0	0.5	115.3
Current interest-bearing loans and borrowings	(0.9)	(0.8)	0.9	-	(0.8)
Non-current interest-bearing loans and borrowings	(50.9)	0.8	(0.9)	-	(51.0)
Net funds	23.0	-	40.0	0.5	63.5

10 Dividends

The directors will be recommending a final dividend of 26p per share, payable on 6 June 2008 to shareholders on the register at the close of business on 23 May 2008, making a total dividend for the year of 40p (2006: 36p) per share.

11 Contingencies

Two separate legal actions have been commenced against H Clarkson & Company Limited by the state-owned Russian shipping companies, Sovcomflot and Novoship, together with their subsidiaries. The actions relate to the payment of third party commissions on business transacted during the period 2001–2004. The claims include both the third party commissions paid and payable, and the repayment of commissions received and receivable by Clarksons which together amount to US\$67m. H Clarkson & Company Limited acted throughout on the instructions of the clients' senior management at the time on which it relied. Clarksons has, during the year, submitted its defence, and will continue to strongly defend its position in both cases.

The Board has reviewed, with its advisors, the litigation above. As a result of its considerations, the Board has decided, without any admission of liability, to make a provision against the claims of £6m, which is reflected in the results for the year.

The group has received notification of a further potential claim by Sovcomflot, relating to a routine year end valuation performed by H Clarkson & Company Limited as at 31 December 2003. The total amount claimed under this notification is US\$71m. The Board has reviewed all documentation available to it, and discussed the matter at length with its advisors. Consequently, it is the Board's strongly held view that this claim should not have been brought, is without foundation and should not succeed.

Accordingly, no provision has been made against this claim, which will be strongly defended in court.