



7 MARCH 2013

Clarkson PLC (Clarksons) is the world's leading shipping services group. From offices in 15 countries on five continents, we play a vital intermediary role in the movement of the majority of commodities around the world.

Preliminary results

Clarkson PLC (Clarksons) today announces preliminary results for the twelve months ended 31 December 2012.

Results for 2012

	Year ended 31 December 2012	Year ended 31 December 2011
Revenue	£176.2m	£194.6m
Profit before taxation*	£20.4m	£32.2m
Profit before taxation**	£23.3m	£35.4m
Earnings per share**	87.2p	134.1p
Dividend per share	51p	50p

*Before exceptional item and acquisition costs

**After exceptional item and acquisition costs

Summary

- Increased volumes and market share in broking
- Profit impacted by challenging markets and investment in financial services
- Strong profit growth in Port Services and Research underlines breadth of activities
- Strong balance sheet, with £75.2m of net funds
- Dividend increased for the tenth consecutive year

Andi Case, Chief Executive, commented:

"Last year the shipping markets remained significantly, and in some cases increasingly, challenged, with global economic weakness and the demand/supply imbalance of recent years still a feature.

"2012 seaborne trade grew by approximately 4.5%, but this was not enough to counterbalance the net fleet growth of 6.0%, although there were significant milestones, with a record year for the demolition of vessels and, for the first time in more than 10 years, demolition exceeding the contracting of new tonnage.

"While we were able to grow market shares and win new clients, progress made in some parts of our business was not enough to compensate for weaker performances by others, including our broking division and particularly our financial division which has since been refocused.

"This year will remain difficult for the industry, but we are confident Clarksons will meet those challenges, with a proven strategy, a sound balance sheet, investment in our world-leading services and a commitment to deliver shareholder value."

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Chairman's review

Clarksons can trace its history back 160 years, but few eras have been as challenging for the shipping industry as the one we are currently experiencing. The depressed global macroeconomic situation, uncertainty caused by the Euro-crisis and a difficult debt market have conspired with natural issues, including droughts in the US last year, to produce a gloomy backdrop for the sector.

These difficult conditions put pressure on all businesses and these results show that Clarksons is not immune. However, we remain convinced that our strategy of building a broad-based business with a global footprint, which provides services which add real value to clients, works and our continuing increases in market share bears this out.

Some parts of our broking business have inevitably felt the impact of falling rates and asset values, but others have registered good growth. Financial operations have felt the double hit of start-up costs and low deal flow, but we continue to lay the foundations for the future. Our rapidly growing support and world-leading research divisions have both performed strongly.

All employees have worked hard to achieve these results, but management realises that when the market offers little help, focus on costs and improving efficiency within the business are key.

Control of costs is always important, but comforted by our strong balance sheet we also continue to invest in our strategy. We recruit and develop the best people, give them the best technology to do their job and provide them with the best support network. This gives us the tools to service clients, develop our business and deliver value to investors.

Results

Underlying profit before tax of £20.4m (2011: £32.2m) was lower than the previous year, resulting from challenging market conditions. The underlying earnings per share was 76.8p (2011: 121.5p).

Basic earnings per share of 87.2p (2011: 134.1p) include the exceptional receipt of a legal settlement of £4.5m (2011: £3.2m reimbursed legal fees), and acquisition costs of £1.6m (2011: £nil).

Dividend

I am delighted that for the tenth successive year we have been able to raise our dividend payment.

The board is recommending a final dividend of 33p (2011: 32p). The interim dividend was 18p (2011: 18p) giving a total dividend of 51p (2011: 50p). The dividend is covered 1.7 times.

The dividend will be payable on 7 June 2013 to shareholders on the register as at 24 May 2013, subject to shareholder approval.

Future

Although there are few signs of improvement in the shipping markets as we begin 2013, we remain confident in our strategy and our ability to offer the best service to our clients. Challenging times present opportunities and our history has taught us to be prepared for the future, whatever the current conditions.

Bob Benton
Chairman

Chief executive's review

Strategic positioning

Last year the shipping markets remained significantly, and in some cases increasingly, challenged, with the market still seeking to recalibrate after the turmoil initiated by the financial crisis and the actual shrinkage of seaborne trade that followed in 2009 - the first time we had seen real contraction since 1983. Whilst the volume of seaborne trade returned to growth in 2010 and has continued to grow ever since, the new vessels ordered in the preceding strong markets have continued to deliver over the past few years. Consequently, even with substantial slippage and cancellations, delivery of vessels from shipyards has been at a significantly faster rate than the demolition of tonnage. In 2012 seaborne trade grew by approximately 4.5% (2011: 4.3%), but this was not enough to counterbalance the net fleet growth of 6.0% (2011: 8.7%).

Whilst 2012 did not therefore quite achieve a rebalance of demand/supply, it did mark some significant milestones. Firstly 2012 was a record year for the demolition of vessels and secondly, for the first time in more than ten years demolition exceeded the contracting of new tonnage.

Lower results from our broking division were symptomatic of the weakness of a market not helped by further uncertainty in the global economic outlook. Some markets have therefore experienced the worst freight environment since the 1980s, which has had an inevitable impact on Clarksons' overall financial results.

Due to a lack of available trade finance combined with continued weak freight rates and thus asset values, the market has not surprisingly seen lower sale and purchase volumes, which has meant lower revenues earned from this activity within the group. However we are pleased to report that, overall within our broking division we have still managed to grow volume and secure new clients across the group, which further reflects the hard work, professionalism, skills and unflagging enthusiasm of all in Team Clarksons. The successful execution of our strategy remains key, and within the overall result there were some bright areas, such as gas, specialised products, offshore and demolition. In these market conditions we believe it is more important than ever to support our clients, and we have continued to invest to push forward the unrivalled breadth and depth of our offer which we believe continues to raise the bar in the industry.

However, the progress made in some parts of our business was not enough to compensate for weaker performances by others, particularly our investment in our financial division. Tough market conditions have been a feature of our industry in recent times and while Clarksons has always recognised the discipline of cost control, this becomes even more essential in troubled times. We have made hard decisions and will continue to focus on this area while ensuring we support our strategy through carefully targeted investment.

Our financial division faced much tougher challenges than other parts of the group, entering new markets at a difficult time, with low liquidity of deals for the same reasons facing the sale and purchase market, but also interestingly at a time where much bigger financial institutions without the same client interaction are leaving the market. The division's losses reflected the start-up costs of our equity sales and trading operation in New York but were mainly due to the continued lack of deal flow in the sector. Accordingly we have refocused financial services to improve efficiency, addressing cost issues and closing our Dubai office. We believe this is the right time to be developing our strengths, thereby enabling us to deliver in a market area where the board sees real opportunity. We obviously have unrivalled client interaction across the industry and the need for good information and analysis within both debt and equity markets is clear. Clarksons is attracting clients in both areas due to the strength of its expertise and contacts.

In our port services business the EnShip acquisition has delivered greater than expected synergies and this area remains a focus with an excellent platform for organic and acquisitive growth. Research continues to produce excellent results and remains at the core of everything we do in the business. We have seen in particular growth in our services business in terms of consultancy in shipping and offshore and in our valuations business. We are continuing to invest in technology in this area to create new mechanisms for client solutions and reduce production costs.

Investment is a vital ingredient of our strategy to enhance our position as global leader in our markets and we are investing more than ever before to ensure we get the right people, the best technology and products and the right worldwide footprint. Investment in people has always been key, especially when ensuring we have the right geographical and business spread. Not only have we hired exceptional senior talent, but we have continued to expand our extensive training programmes as we develop a whole new generation of industry professionals. We also believe in giving our teams the best tools for the trade, and our IT department works across the business to create bespoke platforms and to develop cutting edge tools.

We have the capability to match the ever changing movement in where business is done and while that means expanding in some markets – Singapore is now the second largest office in the group – we have also taken strategic decisions on offices where it makes sense to downsize or relocate assets. For example, we closed our office in Sydney and are reducing our presence in South Africa.

The world today has an ever increased need for transparency and corporate governance. Our investment in people and systems has not been exclusively in the revenue areas of the business, but also in human resources, legal services and in the roll-out of our own advanced accounting systems, all of which help to add rigour to our systems whilst at the same time answering the needs of clients, management and employees alike. Ensuring that Clarksons is run as efficiently as possible is an essential element of meeting our commitment to deliver value to all our shareholders. To have achieved these improvements whilst also reducing our administration costs last year underlines that commitment and is testament to our strategy.

Current trading and outlook

As we enter 2013 spot remains the predominant market and this has reduced our forward visibility on income. However, with more ships on the water our ability to earn increasing spot revenues should go some way to mitigating this situation. In the short to medium term once markets start to see a glimmer of an increase in rates they will start to take off again.

The demand/supply imbalance, which we have consistently highlighted for several years, will in each market correct itself in its own time. The existing fleet, especially the older fleet, is not only impacted by oversupply pressure but also by the introduction of new design vessels, with reduced bunker consumption levels, which is assisting the scrapping rate of older tonnage. Further, at a time when low sulphur emissions are coming into clearer focus, the challenges set by changing regulation are likely to put further pressure on the older fleet.

Debt shortage is likely to remain an issue for the industry, not helped as European banks continue to deleverage, but this offers opportunities for Clarksons, particularly within our financial division.

This year will mark 25 years since Clarksons opened an office in Hong Kong, ten years since we opened in Houston and five years of having a presence in Hamburg. This spread of offices, recently expanded with the opening of Amsterdam, underlines our global footprint, but that geographical presence is just one way we can help clients meet the challenges of their business and the markets. Clarksons will continue to invest to develop its service and equip ourselves with the right tools to help clients and to remain at the forefront of the industry. As the world's leading shipping services group we will continue to position ourselves for growth.

We are confident Clarksons will meet the market challenges, with a proven strategy, a sound balance sheet, investment in our world leading services and a commitment to deliver shareholder value.

Andi Case
Chief executive

Divisional performance

Clarksons is the world's leading provider of integrated shipping services and our network of offices across five continents gives us unrivalled strength in depth. The breadth of our business, covering all types of freight and vessel, proved invaluable in what was yet another turbulent year for the shipping industry. More than ever in these challenging markets clients need support from a provider they can trust and which can offer a full range of services.

The global economic slowdown and the uncertainty caused by the Euro-crisis had an inevitable impact on our broking business. Freight rates remained under pressure and the spot market retained its predominance as the demand/supply imbalance of recent years continued. However, our business model once again proved itself adaptable and we were able to deliver robust performances in several sectors and gain market shares.

Our financial division faced an extremely tough environment, but we have continued to strengthen relationships and develop our offer to appeal to clients still faced with difficult banking markets. Organic and acquisitive growth lifted our support division which now offers an expanded level of service. Finally, Clarksons' world class research and analysis teams delivered strong growth on continued demand for its market-leading products which underpin our activities across the company.

Business review

Broking

Revenue: US\$232.1m (2011: US\$263.4m)

Segment result: £25.2m (2011: £35.9m)

Forward order book for 2013: US\$81m* (At 31 December 2011 for 2012: US\$91m*)

* Directors' best estimates of deliverable FOB

Dry bulk

The dry bulk market reflected the slowdown in most economies worldwide and the uncertainty surrounding the Euro-crisis. Growth in dry bulk seaborne trade slowed from 5% (2011) to 3.4% (2012). Third quarter economic activity in China came under intensified pressure due to the negative sentiment created by the Euro-crisis and the looming US 'fiscal cliff'. The worst droughts in the US in 56 years added to the disappointing trade levels as seasonal grain volumes declined substantially.

While trade volume growth slowed, dry bulk newbuilding deliveries continued robustly, resulting in a year-end net fleet growth of 10.2%. The resulting imbalance between trade and fleet growth exerted severe downward pressure on freight rates which led to a year-on-year decline in the Baltic Dry Index of 43.4%.

Clarksons has once again delivered on its commitment to grow volumes and market share throughout 2012. Regional consolidation strategies continued to be implemented and seeds sown in Australia and South East Asia especially, are adding to the strength of our team in this region. Expansion in North Africa and India further strengthened our footprint in the Middle East which is benefiting from the rapid growth in coal, fertiliser and aggregates trade.

The market will continue to struggle with the impact of oversupply. However, planned increasing in cargo volumes and continued growth in demand is fundamental to our long-term belief in this sector.

Containers

Projects

With significant pressure on charter rates throughout the year and a lack of long-term fixtures at sustainable levels especially for existing tonnage, there was very little activity in the Containership Projects – S&P Markets for larger modern vessels.

With many banks having problems in their container debt portfolio, debt availability seriously impacted the broader container sale and purchase activity. Liquidity on secondhand sales was thus centred on older and smaller units which traditional cash buyers continued to pick up at levels in line with 'scrap plus' depending on survey and delivery positions. Regional operators were also attracted by smaller and older units which could be secured at scrap related levels. South East Asian buyers especially, picked up a lot of tonnage specific to their trade patterns and requirements.

Throughout the year there was an increasing focus on the fuel efficiency of new designs compared to existing designs and with the order book now down to the lowest levels since 2004 and new contracting even down to 2002 levels, there is beginning to be an increased appetite to secure positions for these modern vessels, with the main challenge being finance.

Chartering

Seaborne trade in containers has been the strongest sector in shipping for the past 40 years, but last year's growth rate slowed to 3.5%. As a consequence 2012 performed flat which was in line with expectations. While there was no immediate signs of the much sought after recovery, the continued reduction in the order book means we are closer to seeing a recovery in rates. The liner companies managed to implement some freight improvement by concerted restraint and prudent management of existing assets whether owned or time chartered. This did mean that time charter levels remained borderline for owners in most sizes of vessels, but post panamax tonnage stood out in that rates held up much better in spite of there being a reasonable supply of re-let tonnage.

For 2013 the first step will be for the lines to build again on the freight increases they managed in the last few months. Preliminary estimates point towards 6-7% trade growth in 2013.

Clarksons' team performed solidly during the last 12 months. Importantly our market coverage increased and our fixture volumes grew again, in part as a result of broker panel appointments, but also as a direct benefit of new personnel building on our existing team. While our spot performance was encouraging, there was still a lack of longer term fixing to underpin the results, a feature of the market as a whole, with the lines eschewing longer term commitment and happy to fix short with optionality. The signs are that this may not continue ad infinitum, so we are well placed for when they do start locking in more efficient tonnage for longer periods.

Deep sea

In keeping with the three previous years, 2012 proved to be a challenging freight market for deep sea tankers. However, in difficult markets the various desks performed well and either maintained or strengthened their market positions. The crude oil markets saw improvements in VLCCs, the largest of the vessels, which were offset by reductions in other sectors including the second largest suezmaxes. The refined products market was equally confused with the relative returns from larger product carriers counterbalanced by reductions in the busier medium-sized market known as MRs. There is undoubtedly reason for future optimism as freight rates in certain sectors cannot fall much further, and whenever a more buoyant market does return we remain well placed to maximise returns from our market leading position. This pre-eminent position is consolidated by our investment in research and analysis, at a time when there is a great deal of change in both the trade flow of crude and refined products, aligned with our global approach and constant improvements in the information and technology side of our business. The best teams, working with the best tools and the best support network is a business plan that cannot be replicated by our competitors in such challenging conditions.

Geneva, Houston, Singapore and Delhi all continue to consolidate positions in their respective markets and we have now commenced a deep sea operation in our Dubai office. Deep sea enters 2013 with over supply of tonnage conspiring with a very weak global economy - clearly a far from ideal scenario. Nevertheless, the experience of our various global teams combined with our investment in new people and training means that deep sea will meet these challenges head on, while preparing for the market to improve.

A clear strategy has been established and the whole team globally is working on its implementation. We feel sure that, however difficult the short term might prove to be, there are and will continue to be exciting and profitable business opportunities which Clarksons' best in class status will help us access.

Specialised products

Clarksons' specialised products entered 2012 in a robust position, considering the undertones across the sector.

A state of supply/demand equilibrium is now at least within sight, largely due to restraint in placing new orders in recent times by owners and financiers. While the overall order book remains at meagre levels, it should be noted that a select few of the most prominent owners have opted to part-replace their fleets by placing orders at Chinese yards. Previous perceptions of low cost barriers to entry led to over ordering of tonnage by non-sector specialists and as a result over supply continues to persist to some degree. Despite there being considerable investor interest in specialised products tonnage, there is still quite a lot of distress in the owning market and a realisation that due to the contract nature of this market, there are further barriers to entry which has limited the number of new orders placed.

While economic uncertainty and consequent volatility has remained a bugbear to these markets, especially in the Western world, the emerging nations continue to power trade in today's two-speed world. China's commercial downshift impacted volume growth in the earlier part of the year, although we have seen renewed optimism for the future as the year progressed.

A number of the more established owners within this sector continue to seek opportunities to absorb capacity from those in a distressed position in order to obtain the potential efficiencies of building a critical mass of tonnage. The majority of comparable contracts of affreightment (COA) have been renewed at increased levels, although spot freight markets have typically traded in a tight range throughout the year. The seasonality experienced in the latter part of 2012, involving an upswing on a select few arterial routes, has not been as extreme as the short lived spike at the end of 2011, and a number of potential upcoming statutory and regulatory requirements look set to suppress margins for a number of market participants.

Nevertheless, the long-term outlook for the specialised products market continues to be healthy. At present, fleet growth looks set to decline further and this, coupled with steady seaborne trade volume growth across the diverse basket of cargoes that is specialised products, paints a rosier picture for the year ahead. Continued strategic shifts within the Middle East region, together with the emerging 'game-changer' that is shale gas, should act as a further catalyst for our markets.

Clarksons has once again proven itself as the market leader and further grown volume in the sector.

Petrochemical gases and small LPG

2012 was challenging for both producers and owners, with market conditions softening as the year developed. Seaborne petrochemical shipments, as expected, registered a year-on-year reduction. Combined with sanctions in Iran, this resulted in increased vessel availability, which raised idle time and ballast legs. That said, the market saw an increased demand for longer haul petrochemicals, notably in C4s, where the traders utilised economies of scale on the larger semi-refs to the detriment of the smaller units.

The European pressure carrier market, traditionally a timecharter market, came under severe pressure which was not helped by the rationalisation of refinery capacity in Europe. As a consequence, players were renewing term cover, adding length to the market and reducing timecharter rate expectations. However, the Asian market held up fairly well, albeit the fleet is mostly utilised for petchems rather than LPG trade.

Many factors influence the fortunes of the petrochemical gas sector. With that caveat, trade volumes are likely to contract overall and long haul movements are likely to underpin the market before newbuildings add to vessel supply as the year progresses.

Gas

2012 saw a strong performance in all areas of activity resulting in an improvement in the number of transactions concluded across the vessel sizes and success recorded with a variety of new key customers. The freight markets were unspectacular with VLGC rates averaging little better than 2011 albeit with more pronounced volatility. The smaller LGC, Mid and handysize vessel segments were more stable and better performing although less liquid. Nevertheless, the number of deals brokered in most sectors increased, including our success in the ammonia trades which forms an important part of our activity in these segments. Most significant was the improved penetration achieved in LPG commodity brokerage which benefited from a more structured approach to that side of our business.

There were some industry setbacks during the year, namely the virtual extinction of gas exports from Iran as a result of sanctions. This seriously impacted tonne-mile demand for VLGCs and other vessels together with ongoing technical issues affecting exports from some African countries. Despite this we managed to grow market share in all geographical areas. Our brokerage presence was reinforced in Asia and Europe with further plans under consideration in keeping with anticipated market growth and shifts in trade patterns. As always our success lies in being able to maintain the strength in-depth which we have developed and continue to refine in the gas team.

2013 poses challenges for the gas markets as additional vessels enter the fleet, at first outpacing the expected growth in trade. This threatens to keep rates under pressure until the expansion in export capacity from US terminals starts to provide a stimulus later in the year. Focus in 2013 will be on reinforcing our existing areas of activity and capturing emerging markets in Asia and the US which herald change and growth opportunities in the next few years.

Sale and purchase

Secondhand

As predicted, 2012 was extremely challenging for the shipping markets in general and for sale and purchase in particular as values continued to fall, dropping by some 30% from January to December, and traditional bank finance remained very difficult to secure.

As a result, our volume of business by number of transactions concluded reduced which, when combined with the falling values, resulted in a fall in revenue for the department as a whole compared with 2011.

However, we more than maintained market share in our more traditional sectors of deep sea tankers and dry cargo, and were pleased to see significant transactions concluded in the specialised tanker sector where we now have a dedicated team operating out of a new office in Amsterdam. Furthermore we significantly grew our recycling business, concluding more than double the transaction levels of 2011 and we are confident this will be expanded further still during 2013.

The unique working relationship between our asset, chartering and finance teams additionally supported by our analysts, has led to some very significant mandates being secured and concluded. We believe that at this time in the market this depth of understanding and service sets us aside and enables us to deliver a differentiated service and thus we are well placed to continue to grow this now important part of our department.

Offshore

2012 proved to be another year of growth for offshore despite a backdrop of more challenging trading conditions within some of the sectors covered by our global team.

Overall, the offshore picture continued to be positive in 2012 with both oil prices remaining high and oil companies continuing to increase their E&P budgets which together translated into increased investment in the offshore service sector. Charter rates and demand within the rig sector continued to remain firm and the Clarksons rig team were able to capitalise on this positivity with further new floater orders at shipyards in Asia. This in turn has further underlined not just our reputation as the leading newbuilding broker in the sector, but also increased Clarksons' global forward order book.

While in 2012 we saw more demand in both the OSV and subsea sectors, we also saw a greater supply of vessels come to the market, especially OSVs, and consequently charter rates have remained under pressure globally. We fully expect this oversupply to filter through into 2013 in certain parts of the OSV market. Rates in this sector remained at best flat compared to 2011, although we did see a significant percentage rise in fixtures globally and our OSV chartering teams in Aberdeen and Singapore were able to take advantage of this rise in demand by growing market share.

The rise in oil company investment spawned an influx of new players into the subsea space and our dedicated team in London was able to take advantage of this growth. It secured a number of long-term charters in the sector as well as helping new players enter the market through acquisition of assets and support with financing. We expect this trend to continue through 2013, with clients looking to work with our global team and to take advantage of not only our unrivalled market knowledge and experience, but also to be able to leverage the Clarksons brand in helping them to grow their companies.

Overall, 2012 was a year for growth with continued investment in people, notably including the first dedicated offshore brokerage team in Shanghai to concentrate solely on oil and gas business in China. We feel we are well placed to continue to grow our market share globally within the five core sectors of rigs, subsea, OSV, survey and renewables that we cover through our worldwide teams.

Newbuilding

2012 was a challenging year for the conventional newbuilding market, with a 30% drop in new orders taken by yards globally compared to 2011. This was highlighted with the major Korean yards struggling to meet their 2012 targets, with HHI 23% down on its 2011 results and only DSME reported to have met their 2012 target of US\$11bn. The focus for the big three Korean yards during the year was more towards offshore and the expectation is that this shift will continue in 2013, with increasing management and physical capacity being committed to this sector. However, with a low volume of large asset class conventional ordering in 2012 and a heavily weighted reliance on the offshore markets to deliver new orders and to fill capacity, there will certainly be some pressure and opportunity for new business in 2013 for the conventional markets, albeit against a continually challenging economic and trading environment.

In China and despite a push for diversification away from conventional sectors into the potentially more profitable offshore and gas markets, there still remains a significant focus on their bread and butter business of dry cargo tonnage. Values in this sector have remained flat for some time now and there are no immediate signs that the Chinese yards are gearing for another push down on price to leverage new business. With dry order books now starting to diminish and new eco-efficient designs available at competitive pricing, we have seen ordering placed at the beginning of 2013 and we expect this situation to continue to some extent throughout 2013.

Although 2012 did start off slowly in terms of new orders for Clarksons' newbuilding team, the second half of the year saw an incredibly strong turnaround. We were able to use the strength of the Clarksons global reach to work exclusively on behalf of a number of clients to place orders at the leading shipyards and we managed to increase our total number of orders from 2011 levels. While we continue to believe that 2013 will remain a challenging year for newbuilding, we are confident that as a leading broker in every sector of the marine and offshore space we are well placed to continue to support all of our client's needs whatever their requirements.

Financial

Revenue: US\$8.4m (2011: US\$19.5m)

Segment result: £9.9m loss (2011: £2.3m loss)

Forward order book for 2013: US\$1m* (At 31 December 2011 for 2012: US\$1m*)

* Directors' best estimates of deliverable FOB

Futures broking

2012 was a tough environment for dry forward freight agreements (FFAs), which remain the largest activity for Clarkson Securities, but it was a growth year in the iron ore market where we have increased our activity and volume. The container derivatives activity was thin last year, but there are positive signs the industry is adapting to index-linked contracts which are an essential foundation for a futures market to grow and thrive.

The Baltic Capesize 4TC average roughly halved in value from US\$15,639 in 2011 to US\$7,680 in 2012 and market volumes reduced from 509,344 lots to 461,240. In panamax the move was similar from US\$14,000 to US\$7,684 in notional value and from 392,557 lots to 363,977, while in supramax from US\$14,401 to US\$9,425 in notional value and 105,283 lots to 96,224. Given this landscape, our teams performed well and either retained or increased the market share that we have in these three sectors. Our newly established options team had a successful first year and took market share. However, in response to the harsher broking environment we have trimmed our head count and reduced our costs.

During the year, we upgraded our iron ore team, who are now located in London and Singapore. This has resulted in growth of our share in a market that more than doubled in volume from 48,075,500 mt in 2011 to 111,148,500 mt in 2012. We will continue to grow our iron ore team in Singapore as well as shifting some of our dry FFA market capability there to meet the growing demand from our clients in the region.

2013 has started with rates in all the dry markets extremely depressed, but with a more optimistic outlook for the cape sector where the supply/demand balance should result in an uplift towards the end of the year. We anticipate further growth in iron ore volume and expect to grow further our share in this activity.

Financial services

The shipping finance market remained highly challenging throughout 2012 with the global volume of shipping finance transactions reducing by more than 30% in comparison with 2011. Moreover, a large part of these volumes were in fact restructures and refinancings.

The new European core capital requirements that have come into and are due to come into force have combined with continued weakness of the underlying shipping market to have a negative effect on the lending capacity of European banks. Some European financial institutions decided to exit the shipping sector completely including the very well-publicised exit by the biggest shipping lender, currently with a portfolio in excess of US\$25bn.

In this challenging environment, Clarksons continues to work with financial institutions developing a variety of alternative financing structures. Throughout 2012, Clarksons was involved in a number of high profile long-term transactions and provided support to other divisions of Clarksons.

The strategy of strengthening relationships with financial institutions is now being delivered, enhancing the Clarksons brand and substantially contributing to providing innovative solutions to our clients.

Investment services

2012 was a difficult year in the capital markets with low transaction volumes, minimal corporate activity and the majority of shipping companies trading below NAV making for extremely challenging trading conditions. As a result the company took the decision to focus the efforts of Clarkson Capital Markets on finishing the build-out of its framework in the US, whilst controlling costs across the division including closing its operation in Dubai. We are however pleased to have now established a sales and trading desk in New York, focused on servicing clients in the public and private equity markets relating to Maritime, Oil Service and Energy with specific additional focus on yield oriented and Master Limited Partnership securities.

One of the critical challenges for any new broker-dealer is to convince institutional investors to add a new broker to the firms they use already. Leading with the unique value of Clarksons' proprietary research we have been highly successful in opening new institutional accounts and our research is recognised as adding true value.

With this continued build-out of our research presence we now have full coverage in the maritime and oil service sectors, with further analysts in targeted areas of core competence due in 2013.

We have also refocused our banking activities, consolidating all investment banking in Houston. Following this move, we have been hired as lead financial advisor on maritime and oil service transactions, which we are hopeful of closing during 2013.

Support

Revenue: £16.0m (2011: £10.8m)

Segment result: £4.2m (2011: £1.7m)

Port services

2012 proved an exciting and successful year for Clarkson Port Services (CPS). It saw the first full year of operating EnShip in Scotland, a new office in the Tyne, the opening of an office on the Humber and integration of freight forwarding in Great Yarmouth.

Agency

The Southern CPS offices had a good start to the year underpinned by the successful grain harvest of 2011. The 2012 harvest was, however, disappointing with much lower export volumes than expected. This necessitated a change of focus for the offices from the export to the import of grain to satisfy the UK's demands, resulting in a fairly neutral overall effect on the CPS agency revenue.

Coal and biomass volumes have held up well for our offices in Liverpool and the Tees, but we have seen a decline in our business connected with offshore renewables as the current projects come to an end and we wait for 'Round 3' of the offshore wind farm developments.

In Scotland, EnShip/Opex had an exceptional year, with its customer base particularly active in the North Sea. The further integration of our UK wide businesses has allowed us to secure agricultural bulk import and export business in Scotland, providing revenue synergies to the enlarged business. Success in Scotland has meant expansion to our office in Aberdeen and there are plans for further expansion throughout Scotland during 2013.

Stevedoring

2012 saw a fall in tonnages handled through the stevedoring business in Ipswich, caused primarily by the poor grain harvest. The effect of this on revenue has in some part been mitigated by higher volume box imports and a reduction in overheads, primarily from the cancellation of previously paid rates.

Freight forwarding

The first seven months of Clarksons' entry into the business of freight forwarding in Great Yarmouth saw revenue being injected from existing Clarkson/EnShip contacts. However, it is now encouraging to see the expansion of our overall customer base and the prospect of some large forwarding projects in 2013.

Property services

Also included within the support segment are the revenues and profits derived from property services. Clarkson PLC holds the head lease of St. Magnus House in Lower Thames Street, London EC3, with an unexpired term of three years. Clarksons occupies 32.8% of the available space, with the remainder sublet on full commercial rents. Clarkson PLC also owns the freehold of Hamilton Barr House in Godalming, which is also let on a full commercial rent.

Research

Revenue: £9.2m (2011: £8.1m)

Segment result: £2.8m (2011: £2.0m)

Despite difficult markets, research revenues grew strongly during 2012, reaching £9.2m (2011: £8.1m). Underlying revenue grew by 10% during the year, supported by continued demand for our market-leading shipping products, strong growth of offshore related sales and a good performance by our service contract and valuation business. Offshore sales, excluding advertising, grew by 17% benefiting from the continued expansion of our offshore product range and increased data sales to corporate and government clients.

Clarkson Research Services (CRS) focuses primarily on the collection, validation, analysis and management of data about the merchant shipping and offshore markets. With extensive databases using the latest information management technology, CRS is now well established as a leading information provider to the shipping and offshore markets.

CRS derived its income from the following principal sources:

Digital sales

Sales from CRS's digital database products increased by 15% during the year, lifting digital's contribution to total revenue to 39%. Despite the difficult shipping markets, sales of Shipping Intelligence Network (SIN), our flagship commercial database, remained steady. In addition, sales of the World Fleet Register (WFR), our leading online vessel register, grew significantly over the year. Further data and product enhancements have helped established the WFR as an authoritative source and we continue to gain traction with our corporate and institutional client base. CRS remains the leading provider of offshore data to the insurance market and this contributed to strong growth in offshore data sales. Our offshore database now offers our clients comprehensive access to market intelligence on structures and companies, oil and gas fields, global Geographical Information System (GIS) coverage and wide ranging commercial data.

Publications

CRS produces weekly, monthly, quarterly and annual publications, registers and maps, available both in print and online. Over recent years our well-established shipping range has been supplemented by a comprehensive offshore offering to which we made a number of enhancements in 2012. Publications, which includes digital distribution, remains an important aspect of CRS's overall offering besides generating important provenance.

Customer services

Clarkson Research continues to expand its provision of customer service contracts to a range of large corporate and institutional clients in both the shipping and offshore industries. A specialist team concentrates on managing retainers and providing bespoke research, valuations and data for banks, shipyards, fabricators, engineering companies, insurers, governments and other corporates. This continues to be an important growth area, with sales growing by 17% in 2012. Clarkson Valuations Limited remains the leading provider of valuation services to the industry.

Financial review

Profit before tax*: £20.4m (2011: £32.2m)

Basic EPS*: 76.8p (2011: 121.5p)

Basic EPS**: 87.2p (2011: 134.1p)

*Before exceptional item and acquisition costs

**After exceptional item and acquisition costs

Overview

In a challenging economic environment with freight rates at levels last seen in the 1980s and a weakening US dollar, sterling revenue fell by 9% year on year. This decline in income was partially offset by a 6% fall in administrative expenses, mainly reflecting lower performance-related pay. The group continued to be highly profitable with increased transaction volumes and further growth of both our research and port services businesses.

During the year, as previously reported, the group reached a full and final settlement with Mr Nikitin and an exceptional receipt of US\$7m (£4.5m) is shown as an exceptional item. As highlighted last year, acquisition costs of £1.6m are shown in the 2012 income statement; similar costs will recur in 2013.

As indicated in 2011's review, the IAS19 pension credit of £1.2m was not repeated, with 2012 showing a credit of £0.1m. In 2013, following the amendment to IAS19, the pension charge is calculated by applying the discount rate to the net defined benefit liability; this will result in a charge of £0.4m. Also in 2013 the decision was made to restructure the cost base of Clarkson Capital Markets which included the closure of the Dubai operation, this will lead to an exceptional charge estimated to be £1m.

The group remains cash generative, after allowing for the settlement of prior year bonuses. The balance sheet has strengthened further.

Taxation

The group's effective tax rate in 2012 was 30.4%, an increase from the 29.3% rate incurred in the previous year. This increase reflects a greater overall proportion of profits being generated in higher tax rate jurisdictions, and a bigger impact from non-deductible expenses and disallowable trading expenses.

Earnings per share (EPS)

Basic EPS before the exceptional item and acquisition costs was 76.8p (2011: 121.5p). After the exceptional item and acquisition costs the basic EPS was 87.2p (2011: 134.1p).

Dividends

The board is recommending a final dividend of 33p (2011:32p). The interim dividend was 18p (2011: 18p) which, subject to shareholder approval, would give a total dividend of 51p (2011: 50p). In taking its decision, the board took into consideration the 2012 performance, the strength of the group's balance sheet and its ability to generate cash and the forward order book. The dividend is covered 1.7 times by basic EPS.

Cash and borrowings

The group remains cash generative, after the increased levels of tax, dividend and cash required for working capital. The group ended the year with cash balances of £89.4m (2011: £132.9m). Additionally £25.2m (2011: £nil) was held in short-term notice accounts; these are classified as current investments on the balance sheet. During 2013 cash payments relating to 2012 will be made including performance-related bonuses. After deducting these items net cash and available funds amounted to £75.2m (2011: £71.1m) including balances on short-term deposit. The group maintains a multi-currency revolving credit facility of £25m; there are no current plans to draw down on this facility.

Balance sheet

Net assets at 31 December 2012 were £126.0m (2011: £123.3m). There has been a further improvement in the quality of the balance sheet whereby, before pension provisions, the group had £72.1m of net current assets and investments less non-current liabilities as at the end of 2012 (2011: £68.3m).

A detailed review of our businesses has demonstrated no need for an impairment charge in 2012.

The group's pension schemes have a combined liability before deferred tax of £9.4m (2011: £6.6m). Pension investment returns only partially offset the effects on the liabilities of reduced discount rates, at the lowest point since the pension position was first incorporated onto the balance sheet, and an increase in the CPI.

Risk management

Credit risk

The group has an extensive client base, across all regions of the world, and is exposed to credit-related losses from the non-payment of invoices by these clients. The group mitigates this risk by closely monitoring outstanding amounts, both locally and globally, and by adopting a conservative approach to accounting for bad debt. Uncertainty in freight markets continues to affect the amount of debt that may be irrecoverable.

Liquidity risk

The group's policy is to maintain facilities at such a level that they provide access to funds sufficient to meet all of its foreseeable requirements. The strong generation of cash flow in the business, combined with the available facilities and cash available in the balance sheet, means that the group is well placed to fund future developments of its global business.

Foreign exchange risk

The major trading currency of the group is the US dollar. Movements in the US dollar relative to other currencies, particularly sterling, have the potential to impact the results of the group both in terms of operating results and the revaluation of the balance sheet. Where there were borrowings taken that specifically relate to assets held in foreign currencies, the borrowings were taken in the same currency as the assets.

The group assesses the rate of exchange and non-sterling balances held continually, and has predominantly sold in the spot market during 2012, though some forward cover for 2013 and 2014 has been taken.

Interest rate risk

The group has no borrowings. Monies held on longer 95 and 100 day notice accounts earn interest based on a margin above LIBOR, the actual interest rate is reset each month.

Reputational risk

The group has built an enviable reputation in the market over the past 161 years, and relies upon this to attract business from all major participants in its markets. Clarksons protects against reputational risks by promoting an ethical work environment and providing training programmes where appropriate. A dedicated training officer has been appointed and implemented a training programme to improve consistency and approach. Investment in compliance, quality assurance and legal functions also act to ensure that best practices are put in place throughout the group.

Operational risk

Operational risks are where the group may suffer direct or indirect losses from people, systems, external influences or failed processes. The group continually reviews the systems in place to mitigate against operational risk, and puts in place plans to protect against such risks wherever they are significant and practicable. Examples include Business Continuity Plans, Staff Contracts and IT security arrangements. The group also keeps in place and under review appropriate levels of insurance cover.

Jeff Woyda

Finance director

Statement of directors' responsibilities

The statement of directors' responsibilities below has been prepared in connection with the company's full Annual Report for the year ended 31 December 2012. Certain parts of the Annual Report have not been included in this announcement as set out in note 1 of the financial information.

We confirm to the best of our knowledge:

- the consolidated financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the business and financial reviews include a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement was approved by the board of directors on 6 March 2013 and is signed on its behalf by:

Bob Benton
Chairman

Consolidated income statement

For the year ended 31 December

	2012 Before exceptional item and acquisition costs £m	2012 Exceptional item £m	2012 Acquisition costs £m	2012 After exceptional item and acquisition costs £m	2011 Before exceptional item £m	2011 Exceptional item £m	2011 After exceptional item £m
Revenue	176.2	-	-	176.2	194.6	-	194.6
Cost of sales	(6.3)	-	-	(6.3)	(3.4)	-	(3.4)
Trading profit	169.9	-	-	169.9	191.2	-	191.2
Other income	-	4.5	-	4.5	-	-	-
Administrative expenses	(150.8)	-	(1.5)	(152.3)	(161.0)	3.2	(157.8)
Operating profit	19.1	4.5	(1.5)	22.1	30.2	3.2	33.4
Finance revenue	1.2	-	-	1.2	1.0	-	1.0
Finance costs	-	-	(0.1)	(0.1)	(0.2)	-	(0.2)
Other finance revenue – pensions	0.1	-	-	0.1	1.2	-	1.2
Profit before taxation	20.4	4.5	(1.6)	23.3	32.2	3.2	35.4
Taxation	(6.1)	(1.1)	0.1	(7.1)	(9.5)	(0.8)	(10.3)
Profit for the year	14.3	3.4	(1.5)	16.2	22.7	2.4	25.1
Attributable to:							
Equity holders of the parent	14.3	3.4	(1.5)	16.2	22.7	2.4	25.1
Earnings per share							
Basic	76.8p			87.2p	121.5p		134.1p
Diluted	75.8p			86.0p	120.3p		132.8p

Consolidated statement of comprehensive income

For the year ended 31 December

	2012 £m	2011 £m
Profit for the year	16.2	25.1
Other comprehensive income:		
Actuarial loss on employee benefit schemes – net of tax	(3.8)	(7.3)
Foreign exchange differences on retranslation of foreign operations	(1.3)	(0.9)
Foreign currency hedge – net of tax	1.5	(0.7)
Total comprehensive income for the year	12.6	16.2
Total comprehensive income attributable to:		
Equity holders of the parent	12.6	16.2

Consolidated balance sheet

As at 31 December

	2012 £m	2011 £m
Non-current assets		
Property, plant and equipment	8.0	8.4
Investment property	0.4	0.4
Intangible assets	39.8	40.3
Trade and other receivables	0.4	0.4
Investments	1.9	1.9
Deferred tax asset	14.7	12.1
	65.2	63.5
Current assets		
Trade and other receivables	33.2	37.5
Income tax receivable	0.3	0.6
Investments	25.2	-
Cash and cash equivalents	89.4	132.9
	148.1	171.0
Current liabilities		
Trade and other payables	(69.7)	(95.5)
Income tax payable	(2.5)	(4.2)
Provisions	-	(0.2)
	(72.2)	(99.9)
Net current assets	75.9	71.1
Non-current liabilities		
Trade and other payables	(1.7)	(1.2)
Provisions	(1.8)	(1.6)
Employee benefits	(9.4)	(6.6)
Deferred tax liability	(2.2)	(1.9)
	(15.1)	(11.3)
Net assets	126.0	123.3
Capital and reserves		
Share capital	4.7	4.7
Other reserves	37.5	37.5
Retained earnings	83.8	81.1
Total equity	126.0	123.3

Consolidated statement of changes in equity

For the year ended 31 December

	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2012	4.7	37.5	81.1	123.3
Profit for the year	-	-	16.2	16.2
Other comprehensive income:				
Actuarial loss on employee benefit schemes – net of tax	-	-	(3.8)	(3.8)
Foreign exchange differences on retranslation of foreign operations	-	(1.3)	-	(1.3)
Foreign currency hedge – net of tax	-	1.5	-	1.5
Total comprehensive income for the year	-	0.2	12.4	12.6
Transactions with owners:				
Net ESOP shares acquired	-	(0.8)	-	(0.8)
Share-based payments	-	0.6	-	0.6
Tax on other employee benefits	-	-	(0.3)	(0.3)
Dividend paid	-	-	(9.4)	(9.4)
	-	(0.2)	(9.7)	(9.9)
Balance at 31 December 2012	4.7	37.5	83.8	126.0

	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2011	4.7	40.0	71.7	116.4
Profit for the year	-	-	25.1	25.1
Other comprehensive income:				
Actuarial loss on employee benefit schemes – net of tax	-	-	(7.3)	(7.3)
Foreign exchange differences on retranslation of foreign operations	-	(0.9)	-	(0.9)
Foreign currency hedge – net of tax	-	(0.7)	-	(0.7)
Total comprehensive income for the year	-	(1.6)	17.8	16.2
Transactions with owners:				
Net ESOP shares acquired	-	(1.4)	-	(1.4)
Share-based payments	-	0.5	-	0.5
Tax on other employee benefits	-	-	(0.2)	(0.2)
Profit on ESOP shares	-	-	0.8	0.8
Dividend paid	-	-	(9.0)	(9.0)
	-	(0.9)	(8.4)	(9.3)
Balance at 31 December 2011	4.7	37.5	81.1	123.3

Consolidated cash flow statement

For the year ended 31 December

	2012 £m	2011 £m
Cash flows from operating activities		
Profit before tax	23.3	35.4
Adjustments for:		
Foreign exchange differences	0.5	(3.2)
Depreciation of property, plant and equipment	2.3	2.3
Share-based payment expense	1.4	1.1
Loss on sale of property, plant and equipment	-	0.1
Amortisation of intangibles	0.5	-
Difference between pension contributions paid and amount recognised in the income statement	(2.1)	(2.9)
Finance revenue	(1.2)	(1.0)
Finance costs	0.1	0.2
Other finance revenue – pensions	(0.1)	(1.2)
Decrease/(increase) in trade and other receivables	4.8	(3.9)
Decrease in bonus accrual	(21.5)	(7.3)
Decrease in trade and other payables	(2.0)	(1.6)
Increase in provisions	-	0.1
Cash generated from operations	6.0	18.1
Income tax paid	(10.4)	(10.9)
Net cash flow from operating activities	(4.4)	7.2
Cash flows from investing activities		
Interest received	0.5	0.5
Purchase of property, plant and equipment	(2.0)	(2.3)
Proceeds from sale of investments	-	10.7
Proceeds from sale of property, plant and equipment	0.1	0.4
Transfer to current investments	(25.2)	-
Acquisition of subsidiaries, including deferred consideration	(0.4)	(8.7)
Cash acquired on acquisitions	-	1.8
Dividends received from investments	0.7	0.5
Net cash flow from investing activities	(26.3)	2.9
Cash flows from financing activities		
Interest paid	(0.1)	(0.2)
Dividend paid	(9.4)	(9.0)
Repayments of borrowings	-	(43.6)
ESOP shares acquired	(1.1)	(1.5)
Net cash flow from financing activities	(10.6)	(54.3)
Net decrease in cash and cash equivalents	(41.3)	(44.2)
Cash and cash equivalents at 1 January	132.9	176.3
Net foreign exchange differences	(2.2)	0.8
Cash and cash equivalents at 31 December	89.4	132.9

Notes to the preliminary financial statements

1 General information

The preliminary financial information (financial information) set out in this announcement does not constitute the consolidated statutory accounts for the years ended 31 December 2011 and 2012, but is derived from those accounts. Statutory accounts for 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the company's Annual General Meeting. External auditors have reported on the accounts for 2011 and 2012; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

2 Accounting policies

The financial information set out in this announcement is based on the consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the European Union and complies with the disclosure requirements of the Listing Rules of the UK Financial Services Authority. The financial information is in accordance with the accounting policies set out in the 2012 financial statements.

3 Segmental information

Segmental information for revenue and results is as follows:

Business segments	Revenue		Results	
	2012 £m	2011 £m	2012 £m	2011 £m
Broking	145.7	163.6	25.2	35.9
Financial	5.3	12.1	(9.9)	(2.3)
Support	19.2	13.9	4.2	1.7
Research	9.2	8.1	2.8	2.0
	179.4	197.7		
Less property services revenue arising within the group, included under Support	(3.2)	(3.1)		
Segment revenue/results	176.2	194.6	22.3	37.3
Head office costs			(3.2)	(7.1)
Operating profit before exceptional item and acquisition costs			19.1	30.2
Exceptional item			4.5	3.2
Acquisition costs			(1.5)	-
Operating profit after exceptional item and acquisition costs			22.1	33.4
Finance revenue			1.2	1.0
Finance costs			(0.1)	(0.2)
Other finance revenue - pensions			0.1	1.2
Profit before taxation			23.3	35.4
Taxation			(7.1)	(10.3)
Profit after taxation			16.2	25.1

4 Exceptional item

In November 2011 Clarksons announced that the Court of Appeal in London had decided to deny the claimant (Yuri Nikitin) leave to appeal in the cases between Mr Nikitin and H. Clarkson & Company Limited (HCL), previously highlighted in the contingencies note in Clarksons' financial statements.

HCL has been awarded costs relating to the matters appealed, and has credited its 2011 profits with an amount of £3.2m that it has received on account of those legal costs. The discussions related to the costs of this matter are now concluded.

In March 2012, HCL reached a full and final settlement with Mr Nikitin and the corporate entities involved to conclude all outstanding matters between them. Under the terms of the settlement, which all parties have agreed will remain confidential, an amount of US\$7m has been received by HCL which is disclosed as an exceptional item.

5 Acquisition costs

Included in acquisition costs are cash and share-based payment charges of £1.0m and interest of £0.1m relating to acquisitions made in 2011. These are contingent on employees remaining in service and are therefore spread over the service period.

Also included is £0.5m relating to amortisation of intangibles acquired as part of the 2011 acquisitions.

6 Taxation

The major components of the income tax charge in the consolidated income statement are:

	2012	2011
	£m	£m
Continuing operations:		
Accounting profit at UK average standard rate of corporation tax of 24.5% (2011: 26.5%)	5.7	9.4
Expenses not deductible for tax purposes	1.5	1.7
Other adjustments	(0.1)	(0.8)
Total tax charge reported in the income statement	7.1	10.3

7 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2012	2011
	£m	£m
Net profit attributable to ordinary equity holders of the parent	16.2	25.1

	2012	2011
	Number	Number
	Millions	Millions
Weighted average number of ordinary shares	18.6	18.7
Diluted weighted average number of ordinary shares	18.9	18.8

8 Dividends

The board is recommending a final dividend of 33p (2011: 32p), giving a total dividend of 51p (2011: 50p). This final dividend will be payable on 7 June 2013 to shareholders on the register at the close of business on 24 May 2013, subject to shareholder approval.

9 Intangible assets

There were no acquisitions in 2012.

On 30 November 2011, the group acquired 100% of the share capital of EnShip Limited. On 16 December 2011, the group acquired 100% of the share capital of Boxtton Holding AS and Bridge Maritime AS. As a result of these acquisitions, an additional £6.6m of goodwill has been recognised together with an additional £1.1m of intangibles.

10 Investments

During the year, the group placed £25.2m into deposits with a maturity of 95 and 100 days.

11 Employee benefits

The company operates two defined benefit schemes: the Clarkson PLC scheme and the Plowrights scheme. The financial information below relates to the sum of the two separate schemes.

As at 31 December 2012 the group had a deficit of £9.4m (2011: £6.6m). This amount is included in full on the balance sheet as a non-current liability; deferred tax of £2.2m (2011: £1.7m) has been provided on this amount. The deficit includes £1.3m (2011: £2.5m) relating to a minimum funding requirement on the Plowrights scheme and £nil (2011: £1.1m) in relation to an unrecognised surplus on the Plowright scheme.

The market value of the assets was £144.0m (2011: £138.0m) and independent actuaries have assessed the present value of the funded obligations at £152.1m (2011: £141.0m).

12 Cash and cash equivalents

	2012	2011
	£m	£m
Cash at bank and in hand	86.1	117.9
Short-term deposits	3.3	15.0
	89.4	132.9

13 Contingencies

From time to time the group may be engaged in litigation in the ordinary course of business. The group carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the group's consolidated results or net assets.