10 MARCH 2014

Clarkson PLC (Clarksons) is the world's leading shipping services group. From offices in 18 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 2013.

	Year ended 31 December 2013	Year ended 31 December 2012	
Revenue	**£198.0m**	£176.2m	**+12%**
Underlying profit before taxation*	**£25.1m**	£20.0m	**+26%**
Earnings per share*	**98.0p**	74.8p	**+31%**
Dividend per share	**56p**	51p	**+10%**

* Before exceptional item and acquisition costs of £3.1m (2012: £2.9m credit)
2012 figures are restated for the effects of IAS 19 (revised)

Summary

- Results ahead of expectations
- Underlying profit before taxation increases 26% and underlying earnings per share increases by 31%
- Continued increases in transaction volumes across broking division
- Revenue of financial segment increases 119%
- Dividend increased for eleventh consecutive year to 56p
- Solid balance sheet, including £75.0m of net funds
- Strong forward order book for 2014 of US$100m (at 31 December 2012 for billing in 2013: US$81m)
- Acquisition of Gibb Tools; complementing existing port & agency and supply services, will enhance the results of 2014

Andi Case, Chief Executive, commented:

"Despite a turbulent market backdrop, Clarksons has been consistently profitable and cash generative. This has enabled us to continue to invest in the business during these challenging times, thus ensuring that we are positioned for growth as activity in our markets resumes.

"In 2013 we grew head count to more than 1,000 people and our office network to 42 locations. One area of particular focus in 2013 was to continue the progress within Clarkson Capital Markets, where, following significant increases in revenue and cost rationalisation, the second six months showed a profit and the platform is now proving the strategy for combining financing with transactional execution.

"Our strong balance sheet has enabled us to continue to make selective acquisitions where appropriate to further strengthen our product breadth and we will continue to look to invest organically and acquisitively where appropriate.

"We remain focused on shareholder returns and are delighted to have increased dividends each year for the past 11 years."

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Chairman's review

Overview

I am delighted to report that Clarksons has delivered a strong result for the year. Whilst the last quarter of 2013 saw significant improvement in the trading conditions of some of our markets, the year as a whole was not without its challenges, following an extended period where markets reached historic lows.

This good performance demonstrates that despite the ongoing challenges of recent years, Clarksons has remained focused on the future. Andi and the management team have refined the group's strategy and carefully invested in the business. This investment in technology, tools and, most importantly, people, will ensure that as the markets start to improve we will continue to be able to take full advantage by being at the forefront of market activity.

Results

Underlying profit before taxation of £25.1m (2012: £20.0m) was 26% higher than the prior year. This was ahead of expectations, reflecting improved trading conditions in the fourth quarter, with activity levels across the group during December being particularly strong.

Underlying earnings per share were 98.0p (2012: 74.8p) and basic earnings per share, after the exceptional item and acquisition costs were 82.2p (2012: 85.2p).

Dividend

Once again, for the eleventh consecutive year, Clarksons intends to raise the dividend paid to our shareholders. The board is recommending a final dividend of 37p (2012: 33p). The interim dividend was 19p (2012: 18p), giving a total dividend for the year of 56p (2012: 51p).

The dividend will be payable on 6 June 2014 to shareholders on the register as at 23 May 2014, subject to shareholder approval.

Acquisitions

During the year, Clarkson Port Services (CPS) acquired the Aberdeen-based specialist tool supplier Gibb Tools Limited. In line with our clear business goal to further strengthen and improve our unique product service breadth, this acquisition provides an important step change in CPS's client offer, complementing its existing port & agency and supply services with Gibb Tools' leading tool supply offer.

People

One of the characteristics that has struck me most during my time as chairman is the expertise and dedication of the Clarksons team and the 'can–do' cultural approach. Management are committed to not only recruiting and retaining the best people, but ensuring they have the right tools to do their job, investing in training and technology to enable them to offer the market-leading service our clients have come to expect from Clarksons.

These results are testament to the hard work of 'Team Clarksons' and on behalf of the board I would like to thank each and every member of the team.

Chairman

As previously announced, Philip Green stepped down as chairman on 6 March 2014 and will be leaving the board from the AGM on 9 May 2014. Consequently, as requested by the board, I have resumed the role of chairman until a new chairman is firmly in place. On behalf of the board, I thank Philip for his valuable contribution over the past year and wish him well with his new endeavours. Peter Backhouse, the senior independent director, will lead the search process for a new chairman.

The future / current trading

An increased forward order book within broking, momentum in revenue growth from both the financial and research divisions, and an enlarged support team incorporating Gibb Tools, means that we begin 2014 with a degree of optimism. The shipping markets have begun to show signs of improvement and, with that, increased interest in shipping within the capital markets. We are confident that our strategy to provide the best service to our clients should in turn provide enhanced shareholder return in the future.

Bob Benton
Chairman

Strategy and operations

The market

Since the credit crunch of 2009 we have witnessed some of the worst market conditions ever seen in shipping, with rates in the first half of 2013 often below operating costs and asset values reaching all-time lows in some sectors. This has led to significant distress within the industry. Nevertheless, demand for seaborne trade, the ultimate driver of any shipping cycle, has continued its increase, with 10bn tonnes (1990: 4bn tonnes) of cargo now being moved around the globe, representing approximately 1.4 tonnes per person on the planet (1990: 0.8 tonnes); this at a time following a period of reduced availability of credit, a fall in newbuildings contracted and increased scrapping. When last year we spoke about the signs of recalibration in the shipping markets, with demand and supply getting closer, we saw the potential for 2013 and more specifically the second half, entering the 'spike zone' where localised demand/supply imbalances could lead to significant rate improvements, albeit not necessarily sustained, showing that markets are tighter, fast to react and hence much closer to a more sustained recovery.

Although volatile, the second half of 2013 did indeed bring with it some tentative signs of that recovery. The year ended with the ClarkSea index up 79% (from an all-time low) and seaborne trade, growing by a healthy 3.8%, close to the 50-year average. Changes to the fundamental supply/demand balance and rate spikes have caused renewed interest to both acquire secondhand vessels and order new more efficient tonnage. Although many despair at new tonnage being ordered when the markets are already over supplied, the necessity to address bunker consumption has been a real driver and in many cases orders were placed at prices below the cost of building. As new more fuel efficient designs start to deliver they will begin to put pressure on older tonnage. The overall improvement in shipping rates has resulted in additional interest and activity in the capital markets. Clarksons' performance over the period shows once again the strength of our strategy and understanding of the markets.

Our strategy

Clarksons' history dates back to 1852 and whilst 162 years of marine broking heritage are ingrained throughout our business, our strategy and business model are now more than ever focused on the needs of our clients, both today and for the future, and are aligned to the long-term fundamental growth drivers behind our markets.

Clarksons offers the 'best in class' service to an increasingly diverse client base across all sectors of the shipping and offshore industry by providing those clients with unrivalled professionalism and support in all the markets where they operate. There are also many opportunities to assist clients and investors who are in multiple markets.

Whilst our world-class broking operation remains core to our business, we have enhanced our client offer in recent years, pre-empting clients' needs and global market trends, to develop an integrated maritime financial services and risk management business as well as a comprehensive support function all underpinned by our market-leading research and analysis. We are the only truly global operator, able to offer clients breadth and depth of service on an international scale, placing us at the heart of global trade. To maintain and extend our industry position, we work towards a clear strategy, based on six key objectives; Global reach, Strength in depth, Validation, People, Client focus and Growth**.**

Progress against our plans

1. Global reach

Our global presence enables us to meet client needs wherever and whenever they arise; both on a local and a global scale. Our goal is to give clients global reach on a local level. The year saw us expand further to 42 offices across 18 countries with new broking offices in Morocco and Sweden and further investment to grow our Singapore and Dutch offices. Within Clarkson Capital Markets (CCM), we refocused our activities, exiting from Dubai DIFC as announced last year, but investing in growing the team in New York and Houston; the profits achieved in the second half by CCM indicate that this strategy was the right one for the business, and stands us in good stead for the future. Across our port services business we were also pleased to open a new branch of our industrial supplies business in Great Yarmouth, and new agency offices in Leith and Lerwick.

Today over 46% of our workforce is based outside of the UK with 42% of group revenue generated overseas. Our ability to deliver a truly local service worldwide is key to our international growth and we share understanding, culture, IT platforms and the highest standards of corporate governance across our business to ensure this.

2. Strength in depth

With an industry-leading range of products and services that span the maritime and financial markets, we believe we are uniquely placed to deliver the best, bespoke commercial solutions to all our clients - large or small. We are one of the leading service providers in every major sector of maritime trade, where we aim to be best in class in every operation, with no single company being our lead competitor in more than one market. This unique breadth enables us to support clients in every area of need, develop our relationship with them and ensure that even in challenging trading conditions the group can be at the forefront of activity, whichever sector or geography of the market it is in. And in line with our consultancy and execution model, each area of the business is supported by leading research and analysis. It is this research and analysis that has also assisted us in the significant growth of banking transactions undertaken by CCM during 2013.

During 2013 and into 2014 we continue to make further organic investment, extending our business services into barge broking, increasing our team within iron ore swaps broking and improving our sale and purchase capabilities in container and specialised product assets. In October we were also delighted to announce the acquisition of Aberdeen-based Gibb Tools, a leading specialist tool supplier to the industrial maritime and offshore sector. The acquisition extends further the strategy for our established port and agency and supplies businesses, providing a step change to our client offer, and significantly increasing our capability to tender for larger offshore and renewable contracts.

3. Validation

Clarksons is the industry's leading provider of data and market intelligence on the shipping and offshore industries. Clarkson Research Services (CRS) is by far the largest commercially-led research unit in the maritime world, providing historic intelligence through registers, databases, periodicals and on a more client bespoke level through valuations and consulting. Our databases track around 114,000 vessels and 6,000 offshore fields and Shipping Intelligence Network is viewed more than two million times per year.

In 2013, CRS delivered excellent underlying revenue growth of 10% as we continued to enhance our offer and develop our branding with two particular areas of focus being our offshore intelligence data and further development of our World Fleet Register.

The CRS client base is extensive and ever-evolving, with good market penetration across the financial, vessel owning, marine equipment, insurance, private equity, governmental, energy company, shipyard, fabrication and oil service sectors. Sales to Asia Pacific have grown particularly strongly and our headcount in the region has also expanded during 2013. Our valuation business now produces more than 20,000 ship values per annum and is used by the majority of maritime debt providers.

In addition, the company has further invested to expand the market analysis team, which works within the broking division to bring real-time sentiment and analysis to our broking clients, fundamental to Clarksons' consultancy and execution model, and important in assisting our clients take decisions that can be stress tested and validated.

Finally, the 9 analysts within CCM now publish research on 113 listed companies across 5 verticals: shipping, oil services, E&P, coal and mining and Master Limited Partnerships (MLPs).

Overall just over 10% of the group is now dedicated to giving clients better information and tools to conduct their business; far bigger than any of our competitors. But we are also committed to developing the best technology to support our research offer, incorporating the capture and reporting of information internally across global offices ensuring our broking and banking teams have the best and most up-to-date information to service our clients. Further development of client-facing systems also ensures efficient dissemination of information, not only through more traditional methods but the use of social media tools as well.

4. Client focus

From oil majors, raw materials producers and other multinationals, to long-established shipowning families, listed shipowners and other operators, and investors, our client base is second-to-none. We have worked with many of these clients for generations, building a deep understanding of their businesses and providing the services that have helped them prosper.

Increasingly we are working towards a consulting and execution model with continued investment in research and analysis underpinning this offer. Further investment in international offices over recent years has also ensured that we can help clients on both a global and local level. Most importantly however, the unique product breadth of our offer means that once working with a client, we are able to facilitate all areas of their global trade requirements, and guide on other influences that are not always taken into account.

5. People

We believe in empowering our people to fulfil their potential. We want Clarksons to be recognised as the place where the best people are empowered to do their best work. We hire the brightest and most dedicated talents and give them the tools to shine, including leading edge in-house developed IT systems, high quality training and development and the best market information. Continued investment in the best tools for trade ultimately helps drive team results and thus financial reward.

We believe it is important to develop our own talent and run internships and recruitment schemes for both school leavers and graduates, helping them to develop their skills and equipping them for a career in our industry. We also organise a number of lunchtime and evening training programmes focusing on clients' needs, market operations and technology.

6. Shareholder value

Despite a turbulent market backdrop, which saw the average annual ClarkSea index fall from 30,753 in 2008 to 9,586 in 2012, Clarksons has been consistently profitable and cash generative. This has enabled the board to continue to invest in the business during these challenging times, thus ensuring that we are positioned for growth as activity in our markets resumes.

In 2013 we continued to invest in the business, growing head count to 1,033 (December 2012: 964) and expanding our office network to 42 locations. One area of particular focus in 2013 was to continue the progress within CCM, where following significant increases in revenue and cost rationalisation from the exit in Dubai, the second six months showed a profit and the platform is now proving the strategy for combining financing with execution of use of proceeds.

Our strong balance sheet has enabled us to make selective acquisitions where appropriate to further strengthen our product breadth and we will continue to look to invest organically and acquisitively where appropriate.

We remain focused on shareholder returns and are delighted to have increased dividends each year for the past 11 years.

Andi Case
Chief executive

Business and financial review

Clarksons delivered a strong trading performance over the course of 2013, against a challenging market backdrop.

Market conditions started to improve in the fourth quarter and activity levels across the group were particularly strong. As a result, and as announced in our pre-close statement on 6 January 2014, the full year result was ahead of expectations.

Broking

Revenue: US$251.0m (2012: US$232.1m)
Segment result: £27.5m (2012: £25.2m)
Forward order book for 2014: US$100m* (At 31 December 2012 for 2013: US$81m*)
* Directors' best estimates of deliverable FOB

Dry bulk

In the first half of the year dry bulk freight rates were under pressure as anticipated and 11% weaker year-on-year. On capesizes, seasonal iron ore supply disruption affected Brazilian exports, which in turn reduced sea miles. For the smaller vessels, record South American grain crops and severe port congestion in those grain ports buffered the slide in the Baltic Dry Index.

The second half of the year saw economical / slow steaming and an increase in Brazilian exports and iron ore imports into China creating good sea miles. Capesize rates rose just under fourfold in the first 6 months of the year. The panamax market showed a good improvement in the final quarter of 2013 with the larger panamaxes lifting additional coal cargoes. Supramax vessels traded well for most of 2013, ending with a very robust fourth quarter.

Deliveries slowed by 43% year-on-year while scrapping slowed by 28%. This led to a net fleet growth of 6.3%. Fleet expansion continued into the second half of the year, with a total of 106 capesizes delivering, and a final scrapping of 45 ships. This left an increase on the capesize fleet of 14m tons dwt. The panamax sector saw 249 ships delivered and only 64 scrapped, and in the supramax sector there were 247 deliveries and 68 scrapped.

Seaborne demand growth is increasing in all sectors, from grain to steel to coal. As mining supply logistics improve, export volumes rise, specifically in iron ore volumes from Australia. The global economy is forecast to grow by 3.6% in 2014 and this will help towards a forecast growth in seaborne dry bulk trade of 4.9%.

Clarksons is well placed to increase its volumes and activities in line with the increase of world trade in all sectors. We have strengthened our broking teams worldwide from Shanghai to Singapore to Dubai and across into London and Europe.

Containers

In the face of a challenging market, Clarksons' container team has performed well with increased volumes fixed on the chartering desk. Strong interaction in the group resulted in multiple secondhand sale and purchase and newbuilding transactions as well as a major project deal concluded in the final quarter, as funding was again available in the market.

By nature, the containership business is forward business and our container team has managed to build a solid forward book for the group.

The new Panama Canal will be a 'gamechanger' for the industry as it allows for new containership designs to be deployed with significantly better fuel economy.

2013 was going to be a difficult trading period when looking at the newbuilding delivery schedules early in the year. Notwithstanding the scale of the post-panamax deliveries, economically the world failed to recover sufficiently to absorb fully these super 'eco' giants. There is no doubt of the economies they provide, and with the Panama Canal's now imminent widening about to impact, 'big is beautiful' is the way forward. However, as always, it is a question of timing, which to date is still out of sync.

Against this rather uninspired prevailing market, the container team has managed to perform well. With period business not the order of the day, the lines continued to fix short with optionality, meaning that revenue levels from broking remained under extreme pressure. However we have managed again to grow our volumes of business concluded and our client base in the period.

Tankers

Deep sea

2013 proved to be another challenging period for the deep sea tanker business. Early in the year rates were low and the returns for shipowners handling crude oil were set to be even lower than in 2012. Average earnings in the first nine months of the year for a VLCC were US$7,296 per day compared to US$16,573 for the whole of 2012. However there was a significant spike in the fourth quarter and daily earnings averaged US$36,258 to give a full year average of US$14,536. The suezmax and aframax markets also suffered depressed rates for most of the year, but as with the VLCC market, the final quarter has shown significant improvement as the global economic recovery continues and the seasonal winter market kicks in.

Many challenges remain, but our global strategy has Clarksons extremely well placed to develop our team further. As ever the market remains sensitive to the geo political situation, but there is a greater sense of optimism in the market than at any time since the economic crash in 2008.

All of our deep sea tanker offices are performing well in the crude market and our most recently established office in New Delhi is showing positive growth signs.

Should the positive sentiment in the fourth quarter be replicated in 2014, our global coverage and extensive client portfolio will allow us to capitalise further still.

Products

The larger vessels in the product market have seen a slight fall off in rates whilst the medium sized vessels saw a reasonable increase. Average earnings for MR clean tankers in 2013 increased by 25% to US$13,226 per day relative to 2012. Our global strategy continues to pay dividends with a number of our overseas offices achieving significant growth. Market share remains the focus of our business and we will look to strengthen our Houston operation to capitalise on the greatly increased export volumes from the US. The ability for all of our teams around the globe to work together cannot be underestimated as this allows the company to leverage its unrivalled position.

Specialised

Clarksons' specialised products team entered 2013 in a robust position whilst recognising that the year ahead would be challenging.

We have seen a reduction in the supply/demand imbalance throughout the year. A number of encouraging structural demand drivers have come to the fore, and a dearth of delivered newbuildings has constrained fleet growth.

The overall order book remains at a lower level compared to historical highs, but we have seen investor appetite around a small number of sub-sectors which has resulted in fresh contracting activity and secondhand deals. The specialised product sector is now beginning to resonate with the wider investment community. A relative scarcity of shipbuilding expertise and capacity exists especially at the more sophisticated end of the spectrum.

Although undoubtedly there is still some distress in the owning markets, the majority of those listed participants are now profitable again, echoing the gradually changing market dynamics. Despite this, some established specialty chemicals players continue to seek an all-important critical mass of tonnage through strategic joint ventures in order to leverage trading opportunities.

With the global specialised products markets inherently linked with wider macroeconomic performance, there remains a degree of uncertainty for all participants. Chinese appetite for specialised products imports remains a major driver for global seaborne demand, though concerns remain about the sustainability of this performance. In the US Gulf there are new exports as a result of the shale gas phenomenon. These two factors have resulted in long-haul volume growth to the East and an increase in overall tonne-day demand throughout the year.

The seasonality continues to affect the specialised product spot markets, however at the year-end a considerable upswing was only noted on the transpacific trade lane, with other main arterial routes trading in a narrow range. Contracts of affreightment, a useful barometer for the wider sector due to the sheer volume of tonnage procured under this method, have generally been renewed at increased levels and likewise the period charter markets have typically experienced positive trends.

The long-term outlook for the specialised products market continues to be healthy. Fleet growth looks set to be limited, amidst steadily improving seaborne demand fundamentals, despite a recent concentration of ordering activity in some sectors.

The range of services offered by Clarksons now encompasses barging and projects in a drive to increase market share within the organic and inorganic commodity sector.

PCG and small LPG

The European petrochemical sector has continued to face challenging trading conditions, as a result of competition from US shale gas. Consequently some European crackers were running below capacity and a number of loss-making plants were closed. That said, the coaster semi-refrigerated / ethylene market enjoyed good employment prospects as a result of relatively static fleet supply with earnings also stable. Looking into 2014 we anticipate this will continue with little in the way of newbuildings to alter this balanced position.

The market for the 8-12,000 cbm's, which is more reliant on long haul, proved challenging as seaborne petrochemical trade contracted year-on-year and as the units were further marginalised by the handygas sector who were able to offer charterers better economies of scale. The expectation is that employment prospects are unlikely to change near-term as the market absorbs new deliveries.

The coastal pressure market fared well with increases in time charter rates being witnessed across the sizes, although spot activity has had seasonal challenges to overcome. Overall, the market welcomed increased shipping opportunities over the period with notable increases in exports from the Black Sea.

Gas

Main gas team

2013 provided the team with several challenges as the gas markets prepared for some very significant structural changes in export and fleet supply. The year started with a contraction in LPG trade and fairly depressed rates on the larger vessels. This was compounded by a very illiquid spot market in the ammonia markets. Some new LPG projects which were expected to come on-line by the end of the year were pushed back and downgraded.

In contrast the commodity brokerage business was strong in all areas of activity, including Asia, Europe, West Africa and the Americas and this increase in activity remained positive throughout the year. Handy to mid-size shipping benefited from more stable rate levels where we were able to record some success on term business. Asset-related business was steady although the number of deals concluded was not greatly up on last year. The second half of 2013 saw much better rate levels on the large LPG sectors which helped to turn the year into an overall success.

We are prepared for changing industry dynamics and we are already seeing the benefit of efforts we have made developing an expanded cross-section of clients and emerging markets. LPG commodity broking is expected to face competition from screen-based trading platforms which are currently under development. However, shipping markets are expected to remain fairly buoyant.

LNG

Although we saw a significant fall in both spot and time charter rates in 2013, rates are still at reasonably strong levels with spot market fixtures in December still around US$100,000 per day.

The number of deals concluded has started to increase as a result of this fall. We are beginning to gain traction in the market and a number of interesting deals with new charterers have been concluded; we concluded the last significant time charter deal of 2013. As the market matures, the opportunity to do more business irrespective of market conditions will allow our team to develop further. We continue to provide consultancy services as this remains a key entry point to many of the longer term time charter projects and newbuilding contracts.

Sale and purchase

Secondhand

The positive momentum of the first half of the year, continued to strengthen throughout the second half which allowed us to conclude a pleasing number of high capital transactions towards the end of the year. Some of these were on the basis of very prompt income for 2013 and some of which show in our forward book for 2014 and beyond.

Whilst we have no doubt been assisted by the steady increase in vessel values from January through to December (as much as 30% across the board in dry cargo and only slightly less in tankers), our successes were enhanced once again by the excellent dovetailing of resources from our chartering teams, having specific market knowledge of containers, gas and specialised tankers, with newbuilding, secondhand and projects desks and valuable assistance from our colleagues in the capital markets. This has allowed us to deliver some of the larger, more complex transactions which were concluded in the market during 2013.

Looking into 2014 we are confident that with continued hard work and provision of a professional, all round service to our clients, we will continue to be rewarded, via their loyal support, with similar levels of success.

Offshore

In contrast to merchant shipping, offshore has seen a more cautionary approach to new investment with many companies preferring to concentrate on fixing their assets away on term charters before adding to an already swollen order book.

The chartering teams in Aberdeen and Singapore have been able to take advantage of this increased focus on chartering and we have continued to grow market share across all sectors with particular focus on Asia, North Sea, West Africa and Latin America. During 2013, we have made significant in-roads into a number of oil companies and subsea contractors and feel extremely well positioned to grow these relationships further in 2014.

On the newbuilding and secondhand side of our offshore business, a number of transactions that we had hoped would be completed by year-end have in fact been pushed into 2014. However, we are extremely well positioned for 2014 with a number of significant projects in the pipeline.

Newbuilding

2013 saw a strong performance from the newbuilding team which worked closely with most departments in the group, and exceeded previous peak volumes placed under considerably more conducive market conditions. We improved market share in a lower volume market, and ordered vessels in every major category, giving the benefit of a broader forward order book. The depth of service and internal synergies that the Clarksons team both leverages and delivers, allowed us to grow and build our presence into the corporate and financial segments of the market and this has been key in an evolving newbuilding climate, where sources of capital showed a notable shift in 2013 from the historical bedrock of private investment.

We continue to push forward with a strong forward order book and with the start of 2014 active, we are poised to deliver promising results.

Financial

Revenue: US$18.2m (2012: US$8.4m)
Segment result: £3.3m loss (2012: £9.9m loss)

Investment services

For Clarkson Capital Markets (CCM), 2013 was a transformative year in which the group participated and closed twenty transactions raising a total of over US$3.9bn versus four transactions in 2012. The deals included private equity, Initial Public Offerings (IPOs), follow-on equity offerings, convertible bonds, high yield bonds and financial advisory assignments.

Market sentiment picked up dramatically in the spring of 2013 from the institutional investor community as they focused on investing at what they believed to be the bottom of the current cycle in shipping. Product tanker interest was the first to pick up, followed by the LPG sector in the summer and then the dry bulk sector in the fall. In the very recent past, interest in the crude sector picked up dramatically as it was one of the last sectors to show evidence of a turn and investor interest heightened.

Due to this interest, we saw the first IPOs for shipping companies in the US in over 15 months in the second half of the year. The first to market was Ardmore Shipping, in which CCM acted as a joint book runner on the transaction. There was also a very large pick-up in activity on the Oslo OTC market as institutional investors largely in the US and issuers capitalised on the often quicker model of the OTC market to raise in excess of US$2bn for largely start-up ventures partnered with establishing shipping operators. Many of these projects funded newbuildings across most major sectors of shipping and will be listed either on the Oslo Bors or the stock exchanges in New York in the coming years.

Futures broking

The first five months of the year were weak with the cape 4tc index averaging roughly US$5,500 up to mid-June. From here, values rose sharply with the index doubling, trebling and reaching a peak of over US$42,000 by the end of September. A slump ensued down to the lower US$16,000s from which we have only recently elevated back up to low US$30,000s. A very poor start developed into a highly volatile market which provided Clarkson Securities with a better platform from which to perform. The panamax and supramax sectors have been less volatile but suffered from a similar first-half malaise. Volumes were poor in the first half but responded well as the market rose. The higher volatility has benefited the options market where our team have performed well and increased market share.

In Singapore we have increased our iron ore team to reflect the increase in volumes being transacted in the Asian day. We have similarly identified more trading in dry FFAs within the Asian hours and have moved one of the team to cover that market from our Singapore office. Whilst the early months of 2013 displayed some of the worst conditions possible in which to operate, the performance in the second half has been strong and we anticipate that volatility and improved volumes will be a feature of the FFA market into 2014.

Financial services

In terms of investment appetite, the landscape post the 2008 financial crisis, particularly in the financial markets, has been extremely challenging. Nonetheless, the need for financing and capital in the shipping sector has remained an essential component required to facilitate new investment. Additionally, it is not just the volume of finance/capital that is needed; it also needs to be structured in such a way as to permit the borrower to achieve its strategic and operational objectives. The assistance that we are able to offer through Team Clarksons is the ability to help a client achieve their objectives through our validation and deep seated knowledge of the market fundamentals in which it operates, providing independent confirmation to the financiers of the project parameters whilst mitigating risk factors to assist with their approval processes.

Support

Revenue: £16.4m (2012: £16.0m)
Segment result: £3.1m (2012: £4.2m)

Port services

2013 has been another year of expansion for Clarkson Port Services (CPS) with the opening of the Leith and Lerwick offices, the acquisition of Gibb Tools and the opening of a branch of Opex Industrial Supplies (OIS) in Great Yarmouth.

Gibb Tools and Opex Supplies

On 31 October 2013 CPS acquired the Aberdeen-based specialist tool supplier Gibb Tools Limited (GTL). This acquisition complements CPS's existing port & agency and supply services and also significantly increases our capability to tender for larger offshore and renewable contracts. Trading since the acquisition has been in line with our expectations and we are already beginning to see the efficiencies of GTL and OIS working together.

OIS have experienced reduced sales in 2013 compared with the previous year, caused by reduced project requirements in the North Sea oil and gas sector. We are confident that as EnShip are starting to see new enquiries for projects in the early part of this year this will also lift OIS's figures. On 1 September 2013 we opened a branch of OIS in Great Yarmouth to take advantage of the offshore market in that area. Whilst the Great Yarmouth branch will specialise in safety work wear, it will also be able to offer the full range of services supplied by OIS and GTL in Aberdeen.

Agency

The southern CPS offices experienced record profits despite the UK harvest being poor. This was largely due to the increase in imports of high quality grain in to the UK to satisfy domestic demand. Coal, bio fuel, and animal feed import volumes have also remained high.

For 2014 the grain plantings have been good, indicating a better harvest and a return to our more traditional export business.

In the North we have seen a slower year due to the decrease in activity of our major offshore oil and gas customers in the North Sea. We have, during 2013, concentrated on strengthening our teams and are now able to offer unrivalled agency, project and logistic services. We have started to see an increase in enquiries, with new major projects commencing in December and January.

Our newly opened offices in Leith and Lerwick have remained busy; Lerwick supporting offshore oil and gas, and Leith handling both offshore and conventional bulk tonnages.

Stevedoring

Our facility in Ipswich experienced lower than normal volumes in 2013 due to the poor 2012 harvest, and although grain export from the UK picked up in the second half of 2013, this was predominately fixed in larger tonnage unsuitable for Ipswich.

In order to minimise the effects of the poor exports, CPS have sought to find new areas of business, such as the import of rice and seed, and have ensured that overheads have remained under control.

Freight forwarding

CPS's Great Yarmouth-based freight forwarding business has continued to expand in 2013, and continues to perform ahead of expectation, with major contracts from offshore drilling rig operators, along with support from CPS's existing activities.

Property services

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 just under two years. Clarksons occupies 33% 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: £9.7m (2012: £9.2m)
Segment result: £3.0m (2012: £2.8m)

Research revenues grew strongly during 2013, with an increase in underlying revenues of 10%, supported by strong demand for our market-leading digital shipping products and a good performance by our service contract and valuation business.

The Clarkson Research Services (CRS) client base remains extensive with good market penetration across the financial, vessel owning, marine equipment, insurance, private equity, governmental, energy company, shipyard, fabrication and oil service sectors. Sales to Asia Pacific have grown particularly strongly in recent years while the CRS headcount in the region has also expanded during 2013.

Income is derived from the following principal sources:

Digital sales

All of our publications are available digitally and new e-reader solutions have been developed during 2013. Sales from digital products increased by 11% during the year, taking our share of revenue from digital to 41%. Sales of Shipping Intelligence Network (SIN), our flagship commercial database, grew despite the difficult shipping markets. The roll-out during the year of an upgrade to World Fleet Register (WFR), our leading online vessel register, helped grow sales significantly and the WFR is now firmly established as an authoritative source across our corporate and institutional client base.

Continued data and product enhancements have helped CRS remain the leading provider of offshore data to the insurance market while the development of a broad digital offering within offshore is now well advanced. Our offshore database now offers our clients comprehensive access to market intelligence on structures and companies, oil and gas fields, offshore project intelligence, global Geographical Information System coverage and wide-ranging commercial data. CRS continues to develop new data areas within their offering including trade and commodity flows, machinery packages on board ships and subsea and pipeline infrastructure.

Publications

CRS produces weekly, monthly, quarterly and annual publications, registers and maps. 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 2013. Publications remain an important aspect of CRS's overall offering besides generating important provenance.

Customer services and valuations

CRS 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 27% in 2013. CRS continues to be a leading provider of data to clients, producing capital market prospectuses, while Clarkson Valuations remains the leading provider of valuation services to the industry.

Financial information

Net assets: £137.7m (2012: £126.0m)
Earnings per share*: 98.0p (2012: 74.8p)
Dividend per share: 56p (2012: 51p)
*Before exceptional item and acquisition costs

Underlying profit before taxation was £25.1m (2012: £20.0m) and is before the exceptional item and acquisition costs. Profit before taxation was £22.0m (2012: £22.9m).

Exceptional item

During the year, as previously reported, Clarkson Capital Markets was restructured and an exceptional charge of £1.0m incurred.

Acquisition costs

Acquisition costs of £2.1m are shown in the 2013 income statement. The increase over 2012 reflects the initial impact of the Gibb Tools acquisition. Estimated acquisition costs for 2014 will amount to £3.2m.

Taxation

The group's effective tax rate, before the exceptional item and acquisition costs, was 27.4%, a decrease of 2.8% on the 30.2% rate incurred in 2012. After the exceptional item and acquisition costs, the rate was 30.5% (2012: 30.6%).

Earnings per share (EPS)

Basic EPS before the exceptional item and acquisition costs was 98.0p (2012: 74.8p). After the exceptional item and acquisition costs the basic EPS was 82.2p (2012: 85.2p).

Dividends

The board is recommending a final dividend of 37p (2012: 33p). The interim dividend was 19p (2012: 18p) which, subject to shareholder approval, would give a total dividend of 56p (2012: 51p).

In taking its decision, the board took into consideration the 2013 performance, the strength of the group's balance sheet and its ability to generate cash and the forward order book. The dividend is covered 1.5 times by basic EPS.

Foreign exchange

The average sterling exchange rate during 2013 was US$1.57 (2012: US$1.59). At 31 December 2013 the spot rate was US$1.66 (2012: US$1.63).

Cash and borrowings

The group remains cash generative. The group ended the year with cash balances of £96.9m (2012: £89.4m); this is after allowing for increased dividends, cash required for working capital and acquisitions. Additionally £25.2m (2012: £25.2m) was held in short-term notice accounts; these are classified as current investments on the balance sheet. During 2014 cash payments relating to 2013 will be made including performance-related bonuses. After deducting these items, net cash and available funds amounted to £75.0m (2012: £75.2m).

Balance sheet

Net assets at 31 December 2013 were £137.7m (2012: £126.0m). The balance sheet quality continues to improve with net current assets and investments exceeding non-current liabilities (excluding pension provisions) by a further £5.3m to £77.4m.

A detailed review of our business has determined no requirement for an impairment charge in 2013.

The overall provision for impairment of trade receivables has reduced by a net £2.5m, of which £1.4m was amounts written off as no longer recoverable and £1.1m net was due to the successful conclusion of discussions on various previously provided trade receivables.

The group's pension schemes have a combined liability before deferred tax of £1.8m (2012: £9.4m). This improvement was as a result of positive investment returns, contributions by the company and an increased discount rate which were partially offset by an increase in the CPI.

Principal risks

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 sufficient funds to meet all of its foreseeable requirements. The strong generation of cash flow in the business, combined with the 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. The group assesses the rate of exchange and non-sterling balances held continually, and has predominantly sold in the spot market during 2013, though some forward cover for 2014 and 2015 has been taken.

Interest rate risk

The group has no borrowings. Monies held on longer 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 162 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 a training programme implemented 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 2013. 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 that:

• 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 undertakings included in the consolidation taken as a whole;

• the management report represented by the report of the directors, and material incorporated by reference, includes a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

• the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to access the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 7 March 2014 and is signed on its behalf by:

Bob Benton
Chairman

Consolidated income statement
for the year ended 31 December

	2013 Before exceptional item and acquisition costs £m	2013 Exceptional item £m	2013 Acquisition costs £m	2013 After exceptional item and acquisition costs £m	2012* Before exceptional item and acquisition costs £m	2012* Exceptional item £m	2012* Acquisition costs £m	2012* After exceptional item and acquisition costs £m
Revenue	**198.0**	**-**	**-**	**198.0**	176.2	-	-	176.2
Cost of sales	**(6.2)**	**-**	**-**	**(6.2)**	(6.3)	-	-	(6.3)
Trading profit	**191.8**	**-**	**-**	**191.8**	169.9	-	-	169.9
Other income	**-**	**-**	**-**	**-**	-	4.5	-	4.5
Administrative expenses	**(166.9)**	**(1.0)**	**(2.0)**	**(169.9)**	(150.8)	-	(1.5)	(152.3)
Operating profit	**24.9**	**(1.0)**	**(2.0)**	**21.9**	19.1	4.5	(1.5)	22.1
Finance revenue	**0.7**	**-**	**-**	**0.7**	1.2	-	-	1.2
Finance costs	**-**	**-**	**(0.1)**	**(0.1)**	-	-	(0.1)	(0.1)
Other finance costs – pensions	**(0.5)**	**-**	**-**	**(0.5)**	(0.3)	-	-	(0.3)
Profit before taxation	**25.1**	**(1.0)**	**(2.1)**	**22.0**	20.0	4.5	(1.6)	22.9
Taxation	**(6.9)**	**0.1**	**0.1**	**(6.7)**	(6.0)	(1.1)	0.1	(7.0)
Profit for the year	**18.2**	**(0.9)**	**(2.0)**	**15.3**	14.0	3.4	(1.5)	15.9
Attributable to:								
Equity holders of the parent	**18.2**	**(0.9)**	**(2.0)**	**15.3**	14.0	3.4	(1.5)	15.9
Earnings per share								
Basic	**98.0p**			**82.2p**	74.8p			85.2p
Diluted	**95.8p**			**80.4p**	73.8p			84.0p

* Restated. Refer to note 2.

Consolidated statement of comprehensive income
for the year ended 31 December

	2013 £m	2012* £m
Profit for the year	**15.3**	15.9
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on employee benefit schemes – net of tax	**4.5**	(3.5)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on retranslation of foreign operations	**(1.8)**	(1.3)
Foreign currency hedge – net of tax	**2.3**	1.5
Total comprehensive income for the year	**20.3**	12.6
Attributable to:		
Equity holders of the parent	**20.3**	12.6

* Restated. Refer to note 2.

Consolidated balance sheet

as at 31 December

	2013 £m	2012 £m
Non-current assets		
Property, plant and equipment	**8.5**	8.0
Investment property	**0.4**	0.4
Intangible assets	**40.2**	39.8
Trade and other receivables	**0.5**	0.4
Investments	**1.8**	1.9
Deferred tax asset	**12.5**	14.7
	63.9	65.2
Current assets		
Inventories	**0.9**	-
Trade and other receivables	**45.2**	33.2
Income tax receivable	**2.6**	0.3
Investments	**25.2**	25.2
Cash and cash equivalents	**96.9**	89.4
	170.8	148.1
Current liabilities		
Trade and other payables	**(85.5)**	(69.7)
Income tax payable	**(3.9)**	(2.5)
	(89.4)	(72.2)
Net current assets	**81.4**	75.9
Non-current liabilities		
Trade and other payables	**(1.3)**	(1.7)
Provisions	**(2.0)**	(1.8)
Employee benefits	**(1.8)**	(9.4)
Deferred tax liability	**(2.5)**	(2.2)
	(7.6)	(15.1)
Net assets	**137.7**	126.0
Capital and reserves		
Share capital	**4.7**	4.7
Other reserves	**35.7**	37.5
Retained earnings	**97.3**	83.8
Total equity	**137.7**	126.0

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 2013	**4.7**	**37.5**	**83.8**	**126.0**
Profit for the year	**-**	**-**	**15.3**	**15.3**
Other comprehensive income:				
Actuarial gain on employee benefit schemes – net of tax	**-**	**-**	**4.5**	**4.5**
Foreign exchange differences on retranslation of foreign operations	**-**	**(1.8)**	**-**	**(1.8)**
Foreign currency hedge – net of tax	**-**	**2.3**	**-**	**2.3**
Total comprehensive income for the year	**-**	**0.5**	**19.8**	**20.3**
Transactions with owners:				
Net ESOP shares acquired	**-**	**(3.3)**	**-**	**(3.3)**
Gain on ESOP shares	**-**	**-**	**0.2**	**0.2**
Share-based payments	**-**	**1.0**	**-**	**1.0**
Tax on other employee benefits	**-**	**-**	**2.7**	**2.7**
Tax on other items in equity	**-**	**-**	**0.4**	**0.4**
Dividend paid	**-**	**-**	**(9.6)**	**(9.6)**
	-	**(2.3)**	**(6.3)**	**(8.6)**
Balance at 31 December 2013	**4.7**	**35.7**	**97.3**	**137.7**

	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	-	-	15.9	15.9
Other comprehensive income:				
Actuarial loss on employee benefit schemes – net of tax	-	-	(3.5)	(3.5)
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

* Restated. Refer to note 2.

Consolidated cash flow statement

for the year ended 31 December

	2013 £m	2012 £m
Cash flows from operating activities		
Profit before taxation	**22.0**	22.9
Adjustments for:		
Foreign exchange differences	**0.3**	0.5
Depreciation of property, plant and equipment	**2.2**	2.3
Share-based payment expense	**1.0**	1.4
Gain on sale of property, plant and equipment	**(0.2)**	-
Amortisation of intangibles	**0.5**	0.5
Difference between pension contributions paid and amount recognised in the income statement	**(2.2)**	(2.1)
Finance revenue	**(0.7)**	(1.2)
Finance costs	**0.1**	0.1
Other finance costs – pensions	**0.5**	0.3
(Increase) / decrease in trade and other receivables	**(7.2)**	4.8
Increase / (decrease) in bonus accrual	**8.5**	(21.5)
Increase / (decrease) in trade and other payables	**2.5**	(2.0)
Increase in provisions	**0.2**	-
Cash generated from operations	**27.5**	6.0
Income tax paid	**(4.7)**	(10.4)
Net cash flow from operating activities	**22.8**	(4.4)
Cash flows from investing activities		
Interest received	**0.5**	0.5
Purchase of property, plant and equipment	**(1.6)**	(2.0)
Proceeds from sale of investments	**0.1**	-
Proceeds from sale of property, plant and equipment	**0.4**	0.1
Transfer to current investments	**-**	(25.2)
Acquisition of subsidiaries, including deferred consideration	**(6.6)**	(0.4)
Cash acquired on acquisitions	**3.2**	-
Dividends received from investments	**0.2**	0.7
Net cash flow from investing activities	**(3.8)**	(26.3)
Cash flows from financing activities		
Interest paid	**-**	(0.1)
Dividend paid	**(9.6)**	(9.4)
ESOP shares acquired	**-**	(1.1)
Net cash flow from financing activities	**(9.6)**	(10.6)
Net increase / (decrease) in cash and cash equivalents	**9.4**	(41.3)
Cash and cash equivalents at 1 January	**89.4**	132.9
Net foreign exchange differences	**(1.9)**	(2.2)
Cash and cash equivalents at 31 December	**96.9**	89.4

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 2012 and 2013, but is derived from those accounts. Statutory accounts for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered following the company's Annual General Meeting. External auditors have reported on the accounts for 2012 and 2013; 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 2013 financial statements.

IAS 19 'Employee benefits' (revised) was applied for the year ended 31 December 2013. Interest cost and expected return on plan assets was replaced with a net interest amount. Retrospective implementation has resulted in a net reduction of the profit after taxation for the year ended 31 December 2012 of £0.3m. There was no effect on the net assets of the group.

3 Segmental information

Segmental information for revenue and results is as follows:

Business segments		**Revenue**		**Results**
	2013	2012	**2013**	2012*
	£m	£m	**£m**	£m
Broking	**160.3**	145.7	**27.5**	25.2
Financial	**11.6**	5.3	**(3.3)**	(9.9)
Support	**19.7**	19.2	**3.1**	4.2
Research	**9.7**	9.2	**3.0**	2.8
	201.3	179.4		
Less: property services revenue arising within the group, included under Support	**(3.3)**	(3.2)		
Segment revenue/results	**198.0**	176.2	**30.3**	22.3
Head office costs			**(5.4)**	(3.2)
Operating profit before exceptional item and acquisition costs			**24.9**	19.1
Exceptional item			**(1.0)**	4.5
Acquisition costs			**(2.0)**	(1.5)
Operating profit after exceptional item and acquisition costs			**21.9**	22.1
Finance revenue			**0.7**	1.2
Finance costs			**(0.1)**	(0.1)
Other finance costs - pensions			**(0.5)**	(0.3)
Profit before taxation			**22.0**	22.9
Taxation			**(6.7)**	(7.0)
Profit for the year			**15.3**	15.9

* Restated. Refer to note 2.

4 Exceptional items

2013

During the year, the decision was made to restructure the cost base of Clarkson Capital Markets, which included the closure of the Dubai operation. This has led to an exceptional charge of £1.0m.

2012

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.

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 £1.3m (2012: £1.0m) and interest of £0.1m (2012: £0.1m) relating to acquisitions. These are contingent on employees remaining in service and are therefore spread over the service period.

Also included is £0.2m (2012: £nil) of legal and professional fees relating to the 2013 acquisition and £0.5m (2012: £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:

	2013 £m	2012* £m
Profit at UK average standard rate of corporation tax of 23.25% (2012: 24.5%)	**5.1**	5.6
Expenses not deductible for tax purposes	**1.4**	1.5
Other adjustments	**0.2**	(0.1)
Total tax charge in the income statement	**6.7**	7.0

* Restated. Refer to note 2.

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:

	2013 £m	2012* £m
Profit for the year attributable to ordinary equity holders of the parent	**15.3**	15.9

	2013 Millions	2012 Millions
Weighted average number of ordinary shares	**18.6**	18.6
Diluted weighted average number of ordinary shares	**19.0**	18.9

* Restated. Refer to note 2.

8 Dividends

The board is recommending a final dividend of 37p (2012: 33p), giving a total dividend of 56p (2012: 51p). This final dividend will be payable on 6 June 2014 to shareholders on the register at the close of business on 23 May 2014, subject to shareholder approval.

9 Intangible assets

On 31 October 2013, the group acquired 100% of the share capital of Gibb Tools Limited. As a result of this acquisition, goodwill of £1.6m has been recognised.

10 Current investments

The group held £25.2m in deposits with a maturity of 100 days at the year-end. These deposits are held with an A-rated financial institution.

11 Cash and cash equivalents

	2013 £m	2012 £m
Cash at bank and in hand	**95.4**	86.1
Short-term deposits	**1.5**	3.3
	96.9	89.4

12 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 2013 the group had a deficit of £1.8m (2012: £9.4m). This amount is included in full on the balance sheet as a non-current liability; deferred tax of £0.4m (2012: £2.2m) has been provided on this amount. The deficit includes £0.9m (2012: £1.3m) relating to a minimum funding requirement on the Plowrights scheme.

The market value of the assets was £152.7m (2012: £144.0m) and independent actuaries have assessed the present value of the funded obligations at £153.6m (2012: £152.1m).

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.