9 MARCH 2015

Clarkson PLC (Clarksons) is the world's leading shipping services group. From offices in 20 countries on six 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 2014.

	Year ended 31 December 2014	Year ended 31 December 2013	
Revenue	**£237.9m**	£198.0m	**+20%**
Underlying profit before taxation*	**£33.8m**	£25.1m	**+35%**
Earnings per share*	**134.2p**	98.0p	**+37%**
Dividend per share	**60p**	56p	**+7%**

* Before exceptional item and acquisition costs of £8.6m (2013: £3.1m)

Summary

- Results ahead of expectations
- Underlying profit before taxation increases by 35% and underlying earnings per share increases by 37%
- Continued increases in transaction volumes across broking division
- Dividend increased for twelfth consecutive year to 60p
- Solid balance sheet, including £92.3m of net funds
- 10% increase in the forward order book for 2015 to US$110m
- Completion of acquisition of RS Platou ASA (Platou) in February 2015

Andi Case, Chief Executive, commented:

"Once again our proven strategy has enabled us to exceed expectations and generate strong results with a 35% increase in underlying profit before taxation.

"We have continued to expand and develop our unique offering into a fully integrated business and I am extremely excited that the acquisition of Platou not only brings together two great teams, but transforms the strength and depth of our offering and further enhances the best in class service we deliver to our global clients.

"Shipping and offshore is a multi-cyclical business and once again we face extremely challenging conditions in some markets. We continue to see a flight to quality and believe that our extended tool box underpinned by our strong balance sheet ensures we are best placed for long-term growth.

"We are delighted to maintain our progressive dividend policy for a twelfth year and we remain focused on shareholder returns."

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Chairman's review

Overview

I am delighted to report that Clarksons has delivered strong results in 2014, ahead of market expectations. The year has seen recovery in a number of sectors and continued challenges in others. However, the diversity of our product offer, global reach and experience and knowledge of our teams has meant that, wherever there was activity, we have been at the forefront.

Results

Underlying profit before taxation of £33.8m (2013: £25.1m) was 35% higher than the previous year. This was ahead of expectations as our teams were quick to take advantage of renewed activity in a number of our markets.

Underlying earnings per share was 134.2p (2013: 98.0p) resulting in basic earnings per share of 91.9p (2013: 82.2p).

Acquisition of RS Platou ASA

On 25 November 2014, we were delighted to announce the terms of a transformational deal with RS Platou ASA (Platou), a leading international broker and investment bank, focused on the offshore and shipping markets. The board firmly believes this is a unique opportunity to combine two leading businesses, led by proven and experienced management teams, to create a 'best in class' fully integrated offer across shipping and offshore, broking and banking. The businesses are highly complementary with little overlap and we expect to generate significant opportunities for organic revenue and margin growth, creating shareholder value over the medium-term.

The transaction completed on 2 February 2015 and the enlarged group moves forward with a strong balance sheet, ensuring we are well placed to make further investments across the business as we continue to expand and develop our operations.

Acquisition of Michael F. Ewings (Shipping) Limited

Earlier in the year we were pleased to announce that our port and agency business, Clarkson Port Services (CPS) had acquired Michael F. Ewings (Shipping) Limited. The acquisition extends the geographic coverage of CPS, for vessel agency, broking and supply logistics to Northern Ireland and enables CPS to broaden its services to existing and new customers.

Dividend

For the twelfth consecutive year, Clarksons intends to raise the dividend paid to our shareholders. The board is recommending a final dividend of 39p (2013: 37p). The interim dividend was 21p (2013: 19p), resulting in a 7% increase in the total dividend for the year to 60p (2013: 56p). The dividend will be payable on 5 June 2015 to shareholders on the register as at 22 May 2015, subject to shareholder approval.

Following the acquisition of Platou, the board intends to continue with the company's current policy of paying dividends on a progressive basis.

People

Since joining the board in August 2014 and becoming chairman on 1 January 2015, I have worked closely with Andi and the team and what has struck me most is the experience, knowledge and cultural 'can-do' approach of the people throughout Clarksons. Following the recently completed acquisition of Platou, we now welcome the Platou team and look forward to working together as we enter a new chapter in our history.

Board

After nine years with the group, six of which as chairman, Bob Benton retired from the board on 1 January 2015. Bob has chaired the group through a very significant period of growth and development in its history and on behalf of the board, I thank him for his commitment and support.

I would also like to welcome Peter M. Anker, chief executive of Platou, to the Clarkson PLC board as an executive director and president of broking and investment banking of the enlarged group, and Birger Nergaard, board director of Platou, as non-executive director of Clarkson PLC. Their knowledge of the Platou business and experience in our markets will be invaluable.

The future / current trading

2015 looks set to be a transformational year for Clarksons, as we combine the two leading businesses of Clarksons and Platou to create a fully integrated offer across shipping and offshore, broking and banking. We have a solid forward order book and, despite heightened challenges in some of our markets, we are confident that our proven strategy and best in class service will continue to provide enhanced returns for our shareholders.

James Hughes-Hallett
Chairman
6 March 2015

Strategy and operations

'Best in class client service' is at the heart of Clarksons' strategy. Our management team has built a reputation for unrivalled professionalism, expertise and support underpinned by over 160 years of marine broking heritage, delivering a business model which is committed to servicing our increasingly diverse client base across all sectors of the shipping and offshore industry. In line with this strategy, in the second half of 2014 we were delighted to announce the terms of a transformational deal with RS Platou ASA (Platou), a leading international broker and investment bank, focused on the offshore and shipping markets.

Andi Case, chief executive of Clarkson PLC, outlines the rationale behind this transaction and the opportunities that lie ahead for the new group as we move forward into 2015.

Why is this deal transformational?

What is exciting about this deal is what it means for our current and prospective clients. This is a unique opportunity to combine two leading businesses to create an unrivalled and integrated offer across shipping and offshore, broking and banking. Clarksons has always prided itself on being able to offer the strength and depth of product diversity supported by excellent global reach. Platou's business is incredibly complementary to ours, with very little overlap both in terms of service offer and geographic reach. On a day-to-day basis client relationships will remain unchanged; still working with the same experienced team. What is significant is the international scale and product diversity that we can now provide. Together the teams at Clarksons Platou will be able to offer clients a truly 'best in class' integrated service, across broking, finance, support and research in all the key global shipping and offshore sectors and across all areas of financing; public equity, private equity and debt capital markets.

Can you tell us more about Platou?

Platou is an excellent business. Established in Oslo in 1936, like us they have a longstanding heritage in shipping and today are a leading international broker and investment bank providing high value brokerage, financial and advisory services focused on the offshore and shipping markets. Culturally, I believe our two businesses are very similar. We have known Peter M. Anker and the team for many years and I am delighted they are now working with us. They bring with them invaluable expertise and knowledge of our markets and their global relationships, especially with Scandinavian and industrial clients, establishing a broader client mix within global shipping and offshore markets for the enlarged group.

Given Clarksons and Platou are such a complementary fit, what are the opportunities for growth for the enlarged group?

Recent years have witnessed some of the most turbulent shipping markets in history. In challenging times, we have benefited from a flight to quality as clients look to work with the most experienced, creative and knowledgeable advisors. I believe this has encouraged the consolidation we have seen across our industry in 2014 and this transaction ensures that as the market leader, the enhanced group is best placed to meet the evolving requirements of current and prospective clients.

Both our management teams are highly experienced with a proven track record of delivering a fully integrated service offer. We have a very clear shared vision for the future growth of the enlarged group and believe there are significant opportunities for medium-term organic revenue and margin growth.

How will the breadth of your marine and offshore broking offer change as part of this deal?

The enhanced shipbroking business will offer leading coverage and broking in all types of contract and across all sectors of the chartering market, whilst also covering the full lifecycle of ships from newbuilding through to sale and purchase and demolition. Each of these teams will provide both a service to local clients and a global service for international conglomerates from a market leading position in Europe, the Far East, Australasia, the Middle East and the US.

In the offshore market, Platou have long been recognised as one of the leading global players in the sector. At a time of significant market change, the enlarged Clarksons Platou offshore operations will have teams covering the chartering, sale and purchase, newbuilding and demolition of OSVs, PSVs, AHTSs, subsea, rigs, jackups, accommodation units, FPSOs, renewables and seismic services. We will be able to offer extensive geographic coverage from a global platform with teams located across Europe, Asia, South America and the US.

Our research values the opportunity in the combined marine and offshore market at approximately US$1.6tn and I firmly believe the strength and breadth of our combined broking operations mean we can be at the forefront of this activity, wherever it occurs in the markets.

This deal transforms your financial division. What services can you now offer clients?

Recent years have seen Clarksons leverage our expertise and knowledge in our markets, to develop an integrated maritime financial services and risk management business. The acquisition of Platou's thriving investment banking and project finance businesses transforms the scale and shape of our financial operations. We now have the capability to offer our clients a full range of investment banking services as well as debt advisory, project finance and risk management in each of the Oslo, New York and London financial markets.

In line with our strategy to deliver an integrated full service client offer, in addition to current clients, our newly enlarged investment banking teams will work closely with clients from our broking and support businesses, supporting them on the execution of their overall strategies. We believe this will provide a significant source of both capital market and corporate finance opportunities.

Support has been an area of investment for Clarksons in recent years, does this still remain core to your strategy?

Absolutely, our support business is an important cornerstone and in recent years we have strengthened our operations with a series of acquisitions, building a comprehensive support function for our clients which includes vessel agency, industrial supplies, stevedoring and warehouse management, project logistics and freight forwarding. 2013 saw us make the strategically important acquisition of Aberdeen-based Gibb Tools, a leading specialist tool supplier to the industrial maritime and offshore sector. This acquisition has provided a step change for our client offer in this area and has significantly increased our capability to tender for larger offshore and renewable contracts.

During the course of 2014 we were also pleased to announce the acquisition of Michael F. Ewings (Shipping) Ltd, the Belfast-based port agent. This acquisition was in line with our plans to expand our ports business into new locations to further meet the needs of existing and potential clients and allows us to leverage our network further to develop this area of our business.

Will research continue to underpin your strategy for the combined group? With a now 1,400 strong team across 20 countries, how can you ensure all your teams have access to this important tool?

The deal enhances the group's data, research and analysis capabilities. Clarkson Research Services is by far the largest commercially-led research unit in the maritime world, providing historical intelligence through registers, databases, periodicals and on a more bespoke level through validation 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. Not only do we have a research team dedicated to publishing and consulting, but also dedicated analysts within every commercial team across the enlarged group. This quality and depth of research is unique and central to the group's strategy, as we aim now and in the future to strengthen our role as industry validator and reinforce our ability to deliver clients a consultancy and execution service.

In recent years Clarksons has invested heavily in ensuring our teams have the best tools at hand to empower them. Across the business high quality research is supported by leading edge, in-house developed IT systems which ensure that all our teams across our enlarged business, wherever they may be across our global network, will have access to these important tools, empowering them to offer the best client service they can.

You still have a very strong balance sheet. Should we expect to see further acquisitions?

This is a transformational acquisition and we are now focused on integration. That said, our strong balance sheet means we will continue to invest across all our businesses where appropriate opportunities emerge, to ensure we are best placed for long-term growth.

Do you have the right board and management structure in place to support the growth of the enlarged group going forward?

We are delighted to welcome James Hughes-Hallett who joined in August 2014 and was appointed chairman on 1 January 2015. To have someone with James' considerable expertise and experience as chairman is testament to the position we now hold in the global trading markets. His broad experience across a wide range of businesses from shipping to offshore as well as banking will be invaluable as we continue to build our business across a broader range of sectors.

I would also like to personally thank Bob Benton for his valued guidance, support and stewardship through his tenure with the group.

Following the transaction, we also welcome Birger Nergaard, a board director of Platou. He brings with him extensive knowledge of the Platou business and our markets and we are very pleased that he has agreed to join the board of Clarkson PLC.

Finally, on a personal note, I am delighted to now be working closely with Peter M. Anker who has joined the board of Clarksons. Peter's exceptional industry and business experience and market relationships will be invaluable as we move forward into this exciting new phase of growth and development.

Andi Case
Chief executive
6 March 2015

Business review

Broking

Revenue: US$302.0m (2013: US$251.0m)
Revenue (sterling equivalent): £183.4m (2013: £160.3m)
Segment result: £34.1m (2013: £27.5m)
Forward order book for 2015: US$110m* (At 31 December 2013 for 2014: US$100m*)
* Directors' best estimates of deliverable FOB

Dry bulk

2014 started on a high note, as the Australian iron ore miners experienced no weather-related disruption and many ships were still deployed on the last raw ore shipments from Indonesia after the Indonesian export ban took effect in January 2014. The first quarter Baltic Dry Index (BDI) averaged 1,403, a 25% quarterly decline after an exceptionally strong last quarter of 2013. The index further declined in the second and third quarters by 30% and 4% respectively. The trend was reversed during the first two months of the fourth quarter, but rapidly lost ground in December to end close to the low point of the year. The 2014 average BDI was down by 8% at 1,105 making 2014 the second worst year since the index started in 1999.

There were a number of key factors that derailed the dry bulk freight market recovery. In China the year-on-year decline in coal imports and overall disappointing growth reduced demand. The stockpiling ahead of the aforementioned Indonesian ban on raw ore exports in January 2014 had provided support to the market; thereafter some 200 shipments per month were no longer required. The easing of grain port congestion in South America during the second quarter improved the efficiency of the fleet thereby effectively increasing supply. The fleet continued to expand robustly with net growth of 4.5% during 2014. The decline in oil prices has eroded the advantages of slow steaming and narrowed the premium of fuel-efficient ships.

In 2014 we significantly increased the volume of fixing worldwide. We also added a new office in New York, which we intend to expand further.

With continued new ship deliveries expected in 2015, unless counterbalanced by slippage of newbuildings or scrapping which has already started, demand growth will struggle to correct the current supply/demand imbalance.

Containers

2014 was a difficult year for the container shipping market.

Boxship charter market earnings remained depressed, and owners continued to battle with historically low charter rates in most size sectors. Idle capacity and cascading continued to limit any significant increase in earnings.

At these levels few liner companies can make significant profits, but the falling bunker prices towards the end of the year started to reduce costs. However, the continued redeployment of panamax vessels surpassed expectations, which supported gains in charter rates in the panamax sector not really seen elsewhere.

On the demand side, global container trade growth is estimated to have reached 6% in 2014. The recovery in volumes on the trades from Asia to Europe and the US first seen in 2013 came through strongly in 2014, supplementing the growth in volumes on the intra-Asian trade and a number of regional trade lanes. On the supply side, the fully cellular fleet stood at 18.2m 20-foot equivalent unit (TEU) at the end of the year having grown by around 6% since the start of 2014. The order book of 3.3m TEU now represents 18% of existing capacity.

The sector still faces issues: surplus capacity generated by the slowdown in trade during the downturn, and the mismatch between a delivery schedule dominated by very large ships and a more balanced pattern of global demand. This is still leading to a substantial degree of 'cascading', which keeps the pressure on charter tonnage and creates freight rate volatility. However, surplus capacity from the downturn is gradually being absorbed, with slow steaming accounting for much of it, and levels of boxship demolition remain elevated. Idle boxship capacity stood at around 1.0-1.5% of the fleet at the end of 2014; this level is significantly lower than that seen in the winter periods in the three previous years; this could be indicative of slowly tightening market conditions.

During 2014, we expanded our container sale and purchase presence in London and expanded our offering in Hamburg. The team concluded a number of projects on post-panamax vessels including, several long-term sale and charter backs and newbuilding contracts where we also sourced the financing and arranged post-delivery time charters. As a result of these developments we grew our chartering performance year-on-year and continued to increase market share.

In 2015, demand growth is expected to outpace capacity expansion. Together with the rapid rate of demolition, the thin order book outside the larger sizes and a likely slowdown of the 'cascade', this may in the medium-term lend gradual support to the earnings environment.

Tankers

The crude tanker market strengthened considerably in 2014, albeit from very low levels seen in 2013. With far fewer newbuilding deliveries entering the market, lower fleet growth helped to underpin the recovery. In the VLCC sector, average earnings on the benchmark AG-East route increased by 55% versus the weak levels that were seen in 2013. China was once again key to driving vessel demand growth with rising seaborne crude oil imports including increased long-haul shipments from Latin America and West Africa. The first and fourth quarters saw particular strength in earnings, with a smaller rally seen during the summer, in line with seasonal refinery throughput and demand changes. Looking ahead to 2015, fewer VLCC newbuildings are expected to enter the market and further refinery capacity development and strategic stock building in China and India is expected to continue to support VLCC demand. At the time of writing, the VLCC sector has already seen additional demand for vessels employed in floating storage due to the contango in the market with the consequence of an improvement in market rates.

Suezmax average earnings increased by 79% from the levels seen in the previous year, sharp spikes were also seen at the beginning and end of the year, with a small rally mid-year. The suezmax market was supported by a lower number of newbuilding deliveries entering the market meaning the fleet size remained relatively stable. On the demand side, suezmaxes continued to benefit from increased long-haul west to east shipments as well as increased employment in the Middle East and in West Africa to Europe trades. Suezmax fleet growth is expected to remain low or negative in 2015, with very few newbuildings expected to be delivered from shipyards. The surplus that appears to be building in crude oil markets also points to further employment in shipping cargoes to storage facilities and potentially some floating storage employment in 2015.

In the aframax sector, average earnings increased by 75% in 2014. The rise in earnings was assisted by the aframax fleet reducing in size for the second successive year. Newbuilding deliveries were at the lowest level since 2001 and removals continued at a strong pace despite the rise in benchmark earnings. The dirty trading aframax fleet shrunk by an even greater amount than the overall fleet, as the majority of aframax sized newbuildings delivered into the market were coated LR2 products tankers that entered the clean products trading market rather than the dirty markets. The western aframax markets also saw sharp spikes in earnings at the start and end of the year, with a more modest rally in the middle of the year, while the markets east of Suez saw a more modest first half of the year there was more consistent strength in the second half. The erratic nature of exports from Libya played a part in some of the considerable volatility that was seen in the market, particularly west of Suez.

Another significant development in 2014 was the steep fall in crude oil prices in the second half. Front month Brent futures prices peaked in mid-June at US$115/barrel, falling to below US$60/barrel at the end of the year. In spite of the fall in prices, OPEC decided at its 27 November meeting to maintain current levels of production, a decision which prompted further price declines. The OPEC decision and the fall in prices appears to be a positive development for the tanker market in 2015, maintaining high levels of seaborne crude oil trade and potentially stimulating greater demand for oil. In addition, if the surplus in crude oil continues to grow, floating storage employment may support vessel earnings. The persistence or growth of this surplus of oil will be contingent on production levels in areas that have been subject to instability, any further decisions that are taken by OPEC during the year and the ability or desire of non-OPEC producers to maintain or increase output in the face of lower prices.

In the clean products tanker market, average earnings for LR2 product carriers on the benchmark AG-Far East route increased by 34% versus 2013's average levels. Earnings remained at weak levels in the first half of the year, as the market was affected by the large number of LR2s that switched from dirty to clean trading throughout 2013. The market strengthened considerably in the second half of the year, coinciding with the full operation of new Middle Eastern refining capacity and high volumes of naphtha being shipped from Northwest Europe and the Mediterranean to the Far East. Average earnings for LR1s on the benchmark AG-Far East market increased 18% in 2014 versus 2013's levels. The LR1 market also saw a relatively weak start to the year and a stronger second half. This sector was also affected by the amount of both LR2 and LR1 tonnage that switched from dirty to clean trades in 2013, however the total LR1/panamax fleet shrunk for the third successive year, with very few newbuildings delivered into the market.

Benchmark clean products average earnings for MR products tankers were 7% lower in 2014 versus 2013's levels. The influx of MR newbuilding tonnage, together with the enlarged LR1 and LR2 clean trading fleets, weighed on the market in the first half of the year when earnings were weaker than those seen in the first half of 2013. However, earnings strengthened in the second half of the year, particularly in the fourth quarter when earnings reached levels not seen since 2008. Falling crude prices in the second half of the year led to improved refining margins and higher outputs in a number of regions, which together with new Middle Eastern refining capacity and the closure of refining capacity in Australia, helped to support vessel demand.

Looking ahead to 2015, MR deliveries are expected to be maintained at a relatively high level, potentially exceeding the number of deliveries seen in 2014. In addition, deliveries of LR2 products tankers are expected to increase in 2015. However, the LR1/panamax fleet is expected to continue shrinking with barely any newbuilding deliveries expected. It is also possible that a stronger market for dirty trading aframaxes will draw some LR2s back to that market sector, particularly as the dirty trading aframax fleet will otherwise continue to shrink. Seaborne oil products trade is expected to continue its robust growth, driven by several factors including the commissioning of more new refining capacity in the Middle East and the likely closure of further capacity in Europe and Australia. Lower oil products prices may also stimulate additional demand and higher trading volumes.

During 2014, the success of our operations around the world, boosted by excellent co-ordination between the principal offices in supporting clients, illustrates our second-to-none service and the geographical spread of our operations.

Specialised

Market participants within the specialised sphere entered 2014 in an upbeat mood, looking forward to a number of positive trade fundamentals on the horizon. In reality, whilst contract of affreightment renegotiation levels have been broadly positive throughout the year, the average annual Clarksons Specialised Analysis Spot Indices recorded just a 0.1% rise for chemicals and a 3.5% decrease for edible oils in 2014 when compared to the previous year. The interlinked period charter markets have also been lacking vitality for much of the year.

This generally subdued market performance, largely driven by China’s economic downshifts and strategic moves to advance their own domestic chemical production, caused a weak summer market for most arterial trade lanes which has persisted towards the year-end. Elsewhere, with the global specialised markets coupled with wider macroeconomic performance, a fragile economy in

Europe and reduced economic growth from key ‘emerging market’ nations such as Brazil and India, has further constrained performance. Despite facing global headwinds, the American chemical industry has continued to expand in 2014.

The widely reported sharp decline in crude oil pricing has also filtered through to chemical commodity values. These shifts could play into the hands of those regions geared to utilising naphtha as a petrochemical feedstock. Whilst it could be argued that the chemical markets are more driven by supply and demand fundamentals and less by sentiment than the crude markets, recent price volatility has undoubtedly impacted on the specialised shipping markets in the short term.

In the edible oils sector, overall volumes have remained robust, but have seen some changeability throughout the year due to clean/dirty petroleum products market shifts and also legislative influence. One such example of the latter has been reduced tax mechanisms for the world’s largest two crude palm oil producers, Malaysia and Indonesia.

The overall specialised fleet and order book has seen limited growth during 2014 with most contracting activity focused on the stainless steel chemical tanker segment which resonated with the investment community, particularly in the first half.

Many owners and operators still face challenging market conditions whilst there is undoubtedly a cost pressure on the industry which is set to increase with tightening environmental regulations such as SOx/NOx emissions control areas and the potential requirement for ballast water treatment systems.

The medium- to long-term outlook for our markets remains encouraging. Fresh ship contracting activity has been scarce of late and net fleet growth looks set to be limited in future years. Expected growth in overall seaborne trade of specialised and ongoing investments within the US and Middle East Gulf should generate revised supply chains acting as a tonne-day demand provider for our markets.

We have reinforced our position as the market leader in this sector and implemented a number of initiatives which have driven growth and returns.

PCG and small LPG

Shipping markets in the petrochemical sector for semi-refrigerated tonnage have been challenging, with idle time and ballasting increasing as the year progressed. Those owners with period cover fared better than those exposed to the unpredictable spot market. Some trading lanes have held their freight levels well, whilst other lanes have needed owners to reduce their rates to enable arbitrage product movement. The fall in the oil price has helped to underpin owner’s returns despite the fall in some spot rates.

The European petrochemical sector has witnessed a number of announcements from producers securing ethane feedstock from the US on a long-term basis, giving support to the European sector that use this lighter feed in crackers. This will help to underpin the employment prospects in the smaller ethylene and semi-refrigerated sector. The longer term future of the heavy feed crackers, allowing for the recent softening in crude prices, remains questionable. Asia will also start to see a change in trading patterns as the Chinese PDH (propane dehydrogenation) plants come on stream; as a consequence propylene imports to China will be reduced which will be to the detriment of the pressure sector. Nevertheless, this may give way to longer haul opportunities in the larger semi-refrigerated sector.

Whilst seaborne trade in petrochemical gases is expected to increase year-on-year, there are 14 units over 12,000 cbm to be delivered. In the smaller size sector, with minimal deliveries and ageing tonnage, the prospects look brighter; this sector is term orientated and therefore less exposed to the spot market.

The pressure sector had a particularly difficult year with rates falling across the sector. The 3,500 cbm have been the hardest hit with a 25% reduction in time charter levels. The future looks rather ominous with 37 units due to deliver in 2015 more than offsetting the 12 units which will reach the difficult age of 25.

Clarksons’ petrochemical gas team is not immune to the volatility of the market. However, the team has held its market position with a strong term portfolio and an increased position in our forward order book.

Gas

Main gas team

2014 was a dramatic year for the LPG market with strong growth in seaborne trade volumes and relatively modest fleet growth underpinning a record setting year for VLGC freights. The growth in US LPG exports, supported by continued shale related NGL recovery and terminal expansions provided the bulk of the growth in trade. However, export volumes from the Middle East and Africa also added to overall shipping demand. With Asia accounting for 80% of the growth in imports, a significant proportion of which was sourced from western exporters, this provided a further boost to tonne-miles and culminated in an all-time spot market high of US$149 pmt AG-Japan during the summer. The smaller vessel sizes have also experienced some recovery this year, with midsized handysize freight rates edging steadily upwards throughout the year.

Toward the end of 2014, VLGC spot freights have more than halved – as the weakening crude price and the impending wave of new deliveries started to dampen both product and freight enquiries. Weaker bunker prices have served to help support earnings, however, and freights still remain at relatively firm levels historically.

In line with these developments, Clarksons has continued to build our presence in the US and also in Asia. Nevertheless, the 2015 market is expected to undergo a period of unprecedented change as the energy markets adapt to a new pricing environment. These changes will coincide with the most rapid phase of expansion in the VLGC fleet since 2008 which suggests that another interesting year lies ahead. We have made additional new hires in Houston and Singapore in 2014 as well as more extensively covering commodity and derivatives giving greater exposure to these markets and creating greater flexibility to adapt to market conditions and client requirements.

LNG

The spot market saw a 25% increase in activity in 2014. Despite the market experiencing a noticeable downward correction in rates at the start of the year, on the back of a significant number of redelivered vessels and in anticipation of 17 deliveries of newbuildings, rates remained mostly steady from February onwards. The spot market for modern tri-fuel LNG carriers averaged around US$72,000/day, while steam-power LNG carriers on average earned around US$50,000/day. With the newbuildings deliveries of a two or even three tier market evolved with each tier commanding different charter rates.

Short-term chartering activity during 2014 was primarily driven by excess production from Australia's North West Shelf and Indonesia's Bontang, uninterrupted production from Nigeria and Norway, along with new supplies from Papua New Guinea. In addition to the large number of tenders from production plants, in the first half we had a record number of re-exports from European terminals in Spain, Belgium and the Netherlands. Amidst sharp fall in crude and LNG prices, the arbitrage opportunities were limited in the second half of 2014. Thus the 2014 short-term chartering market was dominated by intra-regional trades (short-term in nature) punctuated by some inter-basin arbitrage opportunities from the Atlantic to the Pacific basin.

Three new LNG production projects commenced operation: Algeria, Papua New Guinea (which started few months ahead of schedule) and the first coal-bed methane project in Queensland, Australia. There are around 19 new export projects under construction adding nearly 150 million tonnes of LNG production capacity in the next 3-4 years. The new liquefaction capacity will require substantial fleet increase and in 2014 we saw some very strong ordering representing the second most active year in the sector's history after 2004. We concluded a number of deals with a significant number of new clients during the year and also hired new key individuals into the business.

The long-term fundamentals for LNG demand remain strong and the shipping market continues to expand. We are well positioned for changing sector dynamics and already see the benefits of efforts we have made developing our team and enhancing the market coverage. We have increased our chartering market share considerably concluding a substantial number of short-term fixtures. In 2015, we are focused on giving greater impetus to the spot market and in project business.

Sale and purchase

Secondhand

The positive momentum, and optimism, gained towards the end of 2013 spilled over into the first quarter of 2014 allowing us to conclude a pleasing number of transactions both on the secondhand and newbuilding desks as buyers looked to secure vessels that could offer prompt charter-free delivery at increasingly firm values.

The dry cargo freight markets failed to firm positively as had been expected with daily earnings across the board weakening through until year-end. This prolonged downturn filtered through to the values which have been dropping as a result and, in turn, reduced the liquidity of the secondhand sale and purchase markets whilst sellers took time to adjust to the re-calibration of buyers' price ideas. However, the weakening Japanese yen against the US dollar has meant that a steady stream of tonnage is building from the larger Japanese owners who are finding their customers keen to redeliver their vessels back to them at the earliest possible opportunity and we do feel that with the Japanese financial year-end approaching, we will start to see an increased volume of sales candidates in the first quarter of 2015 willing to face these new, lower levels. So there is reason to be confident of increased levels of activity going forward, albeit at reduced prices.

The tanker market on the contrary has enjoyed a very buoyant year-end as the benefits of the falling oil prices began to show themselves clearly in the amount of crude oil being shipped out to the major world consumers with China topping that list. As earnings lifted substantially, values followed suit and the volume of transactions we were able to conclude increased fairly immediately as optimism returned that this better market might be more than a short-term seasonal lift. We were able to benefit from this increased deal activity better than most not only on spot business but also using the opportunity to finalise some of the larger project transactions we had been working on during the year.

This, combined with the successful completion of a number of sale and leaseback transactions we handled, has enabled us to increase significantly our transaction volumes year-on-year. The challenge remains to continue this success going forward into 2015.

Newbuilding

2014 concluded a successful year for the newbuilding team, with key transactional activity prevailing across the key market asset classes.

The first half of the year was bolstered by the carry through of capital markets backed transactions from the end of 2013, which continued to drive volume into the asset markets, alongside Clarksons concluding some cornerstone industrial business in China. The newbuilding team was again well placed to capitalise on this momentum and strong internal synergies within the group added value to the depth of service that we were able to provide to our client base.

The second half of 2014 showed a slow-down in contracting activity as capital markets and private equity players took stock against an active approach to the market over the previous 12 month period. This did, however, make room for the return of the more traditional owner base to the market, who stepped back in to pick up a more conventional approach to ordering volumes, with a particular focus on the crude and MGC sectors of the market. Again, Clarksons' heritage client base has allowed us to position ourselves successfully here and ensured that the year closed again as an active and successful year for the team.

Looking to 2015, there are a number of challenges on the horizon, but with strong momentum again carrying through from last year, we anticipate a healthy run up to the Lunar New Year in the Far East. The depth of activity within the group continues to create new opportunities and the Clarksons newbuilding team is well placed to continue to capitalise on these as we move through 2015.

Offshore

Whilst 2014 started with signs of optimism in certain sectors of the offshore market, by the end of the year there was negative sentiment, with an over supplied rig and vessel market exacerbated by a rapidly falling oil price. There had been expectations of a more buoyant performance in the subsea sector, but it became clear as the year progressed that subsea contractors had difficulty finding work for their vessels as many of the expected subsea projects were either postponed or cancelled.

Despite the falling market, we have managed to increase our exposure to the OSV chartering market winning some significant long-term contracts through our Singapore office as well as being able to secure a number of newbuilding contracts for Middle Eastern clients. In Aberdeen, we continued to grow market share on the chartering front as well as winning a number of significant field development projects which kick in for the 2015 and 2016 seasons. On the subsea side we concluded a number of long-term charters at the start of the year as well as taking delivery of a couple of newbuildings both in our Singapore and London offices. The downturn in the market resulted in our rig team concluding little new business.

For 2015, negative sentiment should mean that we see a little more volatility in both secondhand and charter pricing, which both our chartering and project teams will be able to take advantage of. We do expect challenging trading conditions, however we are optimistic that over the next 12 months a significant volume of deals will get concluded.

Financial

Revenue: US$25.5m (2013: US$18.2m)
Revenue (sterling equivalent): £15.5m (2013: £11.6m)
Segment result: £1.4m loss (2013: £3.3m loss)

Futures broking

The surprisingly strong first quarter 2014 cape market, averaging US$16,250 per day, generated significant optimism in the dry sector and a vibrant trading environment. The subsequent second quarter erosion, with the average down to US$11,900 per day, caused some doubts and the focus shifted towards the final quarter which is customarily the strongest of the year. The fourth quarter average of just over US$14,000 per day was significantly lower than most expectations; the peak of US$26,802 per day in early November was lower than the US$35,316 level achieved on 2 January 2014. The cape average for 2014 was US$13,758 per day with panamax at US$7,713 per day and supramax at US$9,815. Cape FFA volumes for the year were improved at 633,294 lots (up from 588,130 in 2013) whilst panamax and supramax markets were marginally down on the previous year. Options volumes were similarly slightly lower than 2013.

Iron ore pricing eroded sharply over 2014 with the year starting at US$135 per tonne and ending the year at just over US$70 per tonne. The volumes traded on derivatives increased from 236m tonnes in 2013 to 484m tonnes in 2014. Given these challenging market conditions, Clarkson Securities performed well with significant revenue being generated once again from our options team and a strong performance on the capes. Our enlarged team in Singapore gained market share in iron ore.

2015 has started with levels on all sizes close to their lows; capes US$3,580, panamax US$6,591 and supramax US$9,239. Whilst these levels are challenging, there is plenty of scope for volatility and our strength in options will allow us to take advantage of the moves as they occur. We will look to grow our Singapore presence this year in both freight and iron ore and will also extend our options presence into the iron ore market.

Financial services

2014 was an interesting, albeit challenging year for shipping finance. While we have seen the volume of marine finance loans rising for a third consecutive year accompanied by the lower margins and longer loan tenors, this is largely limited to stronger credit counterparties leaving smaller shipping players with comparatively limited access to finance. Additionally, many of the traditional shipping banks were affected by the challenge of EU-wide stress testing undertaken by the European Banking Authority. Overall, the results of the assessment were better than originally expected, with all main shipping banks passing the stress tests. In spite of this, we anticipate that the stress-test results will have longer term implications amongst the weaker banks who will inevitably have to make substantial efforts to reduce the number of non-performing loans in their respective portfolios to comply with capital requirements going forward. 2014 saw the entry to the market of a number of major alternative finance providers; these lenders were largely attracted to good-quality, long-term cash flow projects generating higher rates of return than may otherwise be available in their traditional fields of investment.

For Clarkson Financial Services, 2014 was a good year during which a number of high profile innovative transactions that included structured finance, debt raising and financial advisory assignments were successfully closed demonstrating the ability of Clarksons to validate transactions through our comprehensive market analysis. One of those deals has since been nominated for a prestigious 'Marine Money' award on the basis of the innovative structure implemented.

For 2015 there is a strong pipeline of transactions and we continue to pursue our growth strategy.

Investment services

The first half of 2014 started strongly with continued interest in both private and public capital raises for nearly all sectors of shipping. As the year progressed and charter rates fell in the bulk sectors, deal activity also declined as investors appeared no longer willing to push asset prices higher without stronger support from charter markets. Activity in LPG and LNG shipping remained high though, underpinned by record high spot rates in the case of the former and attractive long-term charters packaged into yield-oriented investment vehicles such as MLPs in the case of the latter. There was anticipation of a strong final quarter in terms of deal activity that never materialised, as an expected recovery in dry bulk rates never came to fruition followed by significant market turbulence associated with the declining oil price.

For Clarkson Capital Markets (CCM), the group continued its growth and positioning in the market acting as a joint bookrunner in an initial public offering (IPO) in May and completing a number of sole managed private equity placements. In addition, the sales and trading desk enjoyed strong growth with a more than doubling of revenues versus 2013, and consistently recording quarter-on-quarter sales growth. In total, CCM closed 11 investment banking transactions in 2014 with a gross value of over US$3.3bn encompassing both private and public equity raises, convertible and high yield bonds and mezzanine debt.

Support

Revenue: £28.6m (2013: £16.4m)
Segment result: £4.0m (2013: £3.1m)

Port services

2014 was an exciting year for Clarkson Port Services (CPS) seeing the first full year of trading for Gibb Tools and the acquisition in June of Michael F. Ewings (Shipping) Limited (Ewings).

Agency

The southern CPS offices performed well in 2014 with grain and animal feed shipments remaining strong. The 2014 harvest produced a sizeable exportable product that, due to the current market position, has largely been exported outside the EU in 25,000+ metric tonne sizes. This benefited our offices covering ports capable of handling handy size vessels, but meant a slower year for the coastal ports.

Coal and biomass imports have again remained strong with new contracts awarded and existing contracts renewed.

In Belfast, our new acquisition, Ewings, has performed well, focusing on conventional dry cargo and oil rig support. We are optimistic that revenue in Belfast will increase in 2015 with a rise in oil rig and offshore support activity.

In our north England and Scotland offices, offshore oil and gas revenue remained steady, but activity levels did not increase as hoped in the second half of the year. This seems attributable, in part, to some caution in the market due to the falling oil price. There is a concern that this cautious approach will continue into 2015 with the oil price continuing to fall. Clarkson EnShip was able to maintain results due to an increased focus on specialist offshore project support throughout Europe, Africa and the Americas. This will continue to be a focus in 2015 as we see this as an area we can add great value to our customers' operations.

Gibb Tools and Opex Industrial Supplies (Opex)

Gibb Tools and Opex had an excellent first half to the year, but monthly sales returned to levels that are more normal during the second half. This seems to be due to caution from our customers caused by the falling price of oil. During their first full year of trading following our acquisition, Gibb Tools has performed in line with expectations, and continues to experience strong year-on-year growth. During 2015, we will continue to focus on marketing and operating Gibb Tools and Opex as a single entity, maximising the combined strength they possess in the offshore supply industry.

Stevedoring

Activity in our Ipswich stevedoring operation remained steady both in our conventional grain export business and in the more specialised areas of our business, such as rice cleaning and seed import. As Ipswich is unable to handle larger grain exports due to restrictions on vessel dimensions within the port, we did not realise the full benefits of the large UK grain harvest that we had predicted. It is hoped that for 2015 a shift in the market towards smaller, inter-EU, shipments will show an increase in our grain export activity.

Freight forward

With continued support from major offshore oil rig operators, and the CPS agency business, our freight forwarding operations in Great Yarmouth, Aberdeen and Belfast had a strong year performing ahead of expectations. In 2015, we intend to focus on knitting together, and expanding, our three forwarding operations in order to fully maximise the service levels we can offer.

Property services

Included within the support segment are the revenues and profits derived from property services.

In June, Clarkson PLC signed a 15 year lease for a new flagship head office at Commodity Quay, St. Katharine Docks, commencing from the last quarter of 2014. The state of the art new head office will be Clarksons' main London trading base from mid-2015, following an extensive fit out. The lease on the current head office, St. Magnus House, Lower Thames Street, London will expire in December 2015. During the final quarter of 2014, and throughout 2015 there are additional rent and service charges, including an onerous lease provision on the existing property, of approximately £3.4m; these will be disclosed separately in the income statement as exceptional items.

Clarkson PLC also owns the freehold of Hamilton Barr House in Godalming, which is let on a full commercial rent.

Research

Revenue: £10.4m (2013: £9.7m)
Segment result: £3.5m (2013: £3.0m)

Research revenues grew strongly in 2014, reaching £10.4m (2013: £9.7m) and continuing a consistent long-term growth profile. Despite challenging markets, underlying sales grew by 7% during the year, supported by demand for our market-leading shipping products, growth of offshore and energy related sales and a strong performance by our service contract and valuation business.

Clarkson Research is well established as a market leading provider of authoritative intelligence related to both shipping and trade and offshore and energy. Activities focus primarily on the collection, validation, management and analysis of data about the shipping and offshore markets. Clarkson Research continues to invest heavily in expanding its wide ranging proprietary database, developing and enhancing its broad product offering and supporting and promoting the Clarkson group across the global shipping and offshore industries. The research database includes coverage on over 100,000 vessels, over 20,000 companies, around 600 active shipyards and fabricators and over 100,000 time series.

The majority of Clarkson Research sales are derived from annuity revenue and the client base is broad and extensive with strong market penetration across the financial, asset owning, equipment suppliers, insurance, private equity, governmental, energy, commodity, shipyard, fabrication and oil service sectors. There is also broad global client spread and a strong position in expanding markets, with sales to Asia Pacific growing by over 15% in 2014. Research continues to broaden its geographic footprint, with the headcount outside of the UK expanding.

Research derived its income from the following principal sources:

Digital

Sales from digital products increased by 10% during the year, taking its share of revenue to 43%. Sales of Shipping Intelligence Network, our flagship commercial database, continued to grow and significant investments during the year will be rolled out in an upgrade in early 2015. A further enhancement to our leading online vessel register, World Fleet Register, during the year helped grow sales and this register is now firmly established as an authoritative source across our corporate and institutional client base. Continued data and product enhancements have helped Research consolidate its position as a leading provider of offshore data to the insurance market while the development of a broad digital offering within offshore and energy is now well advanced and being utilised by clients. Our offshore and energy database offers our clients comprehensive access to market intelligence on over 25,000 structures and companies, over 6,000 oil and gas fields, intelligence on over 1,000 oil and gas projects, global Geographical Information System coverage and wide ranging commercial data and time series. Clarkson Research continues to develop new data areas within our offering, including additional company information, trade and commodity flows, tracking capital market activity, machinery and environmental packages on board ships and subsea and pipeline infrastructure.

Publications

Clarkson Research produces weekly, monthly, quarterly and annual publications, registers and maps, available both in print and online. An upgrade to our long standing and popular Shipping Intelligence Weekly during 2014 was particularly well received by our clients and has been followed by improvements and expansion across the publication range. Over recent years our well-established shipping range has been supplemented by a comprehensive offshore offering to which we continue to add a number of enhancements and new publications. Publications remain an important aspect of our overall offering besides generating important provenance and profile.

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, consultancy, valuations and data for banks, shipyards, fabricators, engineering companies, insurers, governments, asset owners and other corporates. This continues to be an important growth area, with sales growing by 7% in 2014. Clarkson Research continues to be a leading provider of data to clients producing capital market prospectuses across a range of issuance types and exchanges. Clarkson Valuations remains the leading provider of asset valuation services to the industry: including many of the world's leading ship finance banks and public listed shipping companies, and performed particularly strongly throughout 2014.

Financial review

Net assets: £167.3m (2013: £137.7m)
Earnings per share*: 134.2p (2013: 98.0p)
Dividend per share: 60p (2013: 56p)
*Before exceptional item and acquisition costs

Results

Underlying profit before taxation, the exceptional item and acquisition costs was £33.8m (2013: £25.1m). Profit before taxation was £25.2m (2013: £22.0m).

Acquisition of RS Platou ASA

On 2 February 2015, the group concluded the acquisition of RS Platou ASA for a total consideration of £281.1m. Of this consideration, 75.00% was satisfied by the issuance of 9,518,369 new 25p ordinary shares in Clarkson PLC (consideration shares), 16.66% by the issuance of vendor loan notes totalling £46.8m (loan notes) and the remaining 8.34% or £23.4m in cash (cash consideration). The consideration shares are subject to lock-up provisions covering the next three years and the loan notes are repayable in two equal instalments on 30 June 2016 and 30 June 2017. Further information is set out in note 15.

On 2 December 2014, 1,613,698 new 25p ordinary shares in Clarkson PLC were issued and placed, generating net proceeds of £30.6m, to help finance the cash consideration and the repayment of the loan notes.

Acquisition of Michael F. Ewings (Shipping) Limited

On 12 June 2014, Clarkson Port Services Limited (CPS) acquired Michael F. Ewings (Shipping) Limited, a Belfast-based port agent. The acquisition extends the geographic coverage of CPS, for vessel agency, broking and supply logistics into Northern Ireland and enables CPS to broaden its service to existing and new customers.

Acquisition costs

Acquisition costs of £7.0m (2013: £2.1m) are shown in the 2014 income statement. The increase over 2013 reflects the costs incurred in respect of the acquisition of RS Platou ASA and additional deferred consideration arising from the Gibb Tools acquisition. Estimated acquisition costs for 2015 will amount to £5.1m.

Exceptional item

In June 2014, Clarkson PLC signed a 15 year lease for a new flagship head office at Commodity Quay, St. Katharine Docks. Rent commenced in the last quarter. Consequently, as previously reported, to allow for the new offices to be fitted out, there will be additional costs to the business from both the existing head office and the new head office through to the end of 2015. In 2014, these costs, including an onerous lease provision on the existing property, have been treated as an exceptional charge and amounted to £1.6m. A further exceptional charge of approximately £1.8m will be incurred in 2015.

Taxation

The group's effective tax rate, before the exceptional item and acquisition costs, was 25.9% (2013: 27.4%). After the exceptional item and acquisition costs, the rate was 32.0% (2013: 30.5%) which reflects the disallowable nature of certain acquisition costs.

Earnings per share (EPS)

Basic EPS before the exceptional item and acquisition costs was 134.2p (2013: 98.0p), an increase of 36.9%. After the exceptional item and acquisition costs, the basic EPS was 91.9p (2013: 82.2p).

Dividends

The board is recommending a final dividend of 39p (2013: 37p). The interim dividend was 21p (2013: 19p) which, subject to shareholder approval, would give a total dividend of 60p (2013: 56p). In taking its decision, the board took into consideration the 2014 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 (2013: 1.5 times).

Foreign exchange

The average sterling exchange rate during 2014 was US$1.65 (2013: US$1.57). At 31 December 2014 the spot rate was US$1.56 (2013: US$1.66).

Cash and borrowings

The group remains cash generative, ending the year with cash balances, including the £30.6m raised from the issue of new shares, of £152.9m (2013: £96.9m). A further £25.3m (2013: £25.2m) was held in short-term deposit accounts, classified as current investments on the balance sheet.

After deducting amounts accrued for 2014 performance-related bonuses, which are generally paid during the first half of 2015, and the £23.4m paid in relation to the cash consideration on the acquisition of RS Platou ASA, net cash and available funds amounted to £92.3m (2013: £75.0m).

Balance sheet

Net assets at 31 December 2014 were £167.3m (2013: £137.7m). The balance sheet quality continues to improve with net current assets and investments exceeding non-current liabilities (excluding pension provisions) by a further £36.4m to £113.8m (2013: £77.4m) principally as a result of the placing.

The overall provision for impairment of trade receivables is little changed from the previous year at £9.9m (2013: £9.7m), though the underlying US dollar balance has reduced by US$0.7m.

The group's pension schemes have a combined liability before deferred tax of £10.3m (2013: £1.8m). This deterioration arises from the significant reduction in the discount rates used, which declined from 4.6% to 3.4%, and more than offset the positive investment returns and contributions by the company.

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 2014, though some forward cover for 2015 and 2016 has been taken.

Interest rate risk

The group had no borrowings at the year-end. Monies held on longer 95 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 163 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. Our dedicated training officer and training programme continue 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
6 March 2015

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 2014. 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 6 March 2015 and is signed on its behalf by:

James Hughes-Hallett
Chairman
6 March 2015

Consolidated income statement

for the year ended 31 December

	2014 Before exceptional item and acquisition costs £m	2014 Exceptional item £m	2014 Acquisition costs £m	2014 After exceptional item and acquisition costs £m	2013 Before exceptional item and acquisition costs £m	2013 Exceptional item £m	2013 Acquisition costs £m	2013 After exceptional item and acquisition costs £m
Revenue	237.9	-	-	237.9	198.0	-	-	198.0
Cost of sales	(13.3)	-	-	(13.3)	(6.2)	-	-	(6.2)
Trading profit	224.6	-	-	224.6	191.8	-	-	191.8
Administrative expenses	(191.3)	(1.6)	(7.0)	(199.9)	(166.9)	(1.0)	(2.0)	(169.9)
Operating profit	33.3	(1.6)	(7.0)	24.7	24.9	(1.0)	(2.0)	21.9
Finance revenue	0.7	-	-	0.7	0.7	-	-	0.7
Finance costs	-	-	-	-	-	-	(0.1)	(0.1)
Other finance costs – pensions	(0.2)	-	-	(0.2)	(0.5)	-	-	(0.5)
Profit before taxation	33.8	(1.6)	(7.0)	25.2	25.1	(1.0)	(2.1)	22.0
Taxation	(8.7)	0.3	0.4	(8.0)	(6.9)	0.1	0.1	(6.7)
Profit for the year	25.1	(1.3)	(6.6)	17.2	18.2	(0.9)	(2.0)	15.3
Attributable to:								
Equity holders of the parent	25.1	(1.3)	(6.6)	17.2	18.2	(0.9)	(2.0)	15.3
Earnings per share								
Basic	134.2p			91.9p	98.0p			82.2p
Diluted	130.8p			89.6p	95.8p			80.4p

Consolidated statement of comprehensive income

for the year ended 31 December

	2014 £m	2013 £m
Profit for the year	17.2	15.3
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on employee benefit schemes – net of tax	(8.2)	4.5
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on retranslation of foreign operations	1.5	(1.8)
Foreign currency hedge – net of tax	(3.4)	2.3
Total comprehensive income for the year	7.1	20.3
Attributable to:		
Equity holders of the parent	7.1	20.3

Consolidated balance sheet

as at 31 December

	2014 £m	2013 £m
Non-current assets		
Property, plant and equipment	**7.7**	8.5
Investment property	**0.3**	0.4
Intangible assets	**40.4**	40.2
Trade and other receivables	**0.4**	0.5
Investments	**1.9**	1.8
Deferred tax asset	**15.0**	12.5
	65.7	63.9
Current assets		
Inventories	**1.4**	0.9
Trade and other receivables	**42.7**	45.2
Income tax receivable	**1.5**	2.6
Investments	**25.3**	25.2
Cash and cash equivalents	**152.9**	96.9
	223.8	170.8
Current liabilities		
Trade and other payables	**(102.2)**	(85.5)
Income tax payable	**(2.9)**	(3.9)
Provisions	**(3.0)**	-
	(108.1)	(89.4)
Net current assets	**115.7**	81.4
Non-current liabilities		
Trade and other payables	**(1.8)**	(1.3)
Provisions	**-**	(2.0)
Employee benefits	**(10.3)**	(1.8)
Deferred tax liability	**(2.0)**	(2.5)
	(14.1)	(7.6)
Net assets	**167.3**	137.7
Capital and reserves		
Share capital	**5.2**	4.7
Other reserves	**35.5**	35.7
Retained earnings	**126.6**	97.3
Total equity	**167.3**	137.7

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 2014	**4.7**	**35.7**	**97.3**	**137.7**
Profit for the year	**-**	**-**	**17.2**	**17.2**
Other comprehensive income:				
Actuarial loss on employee benefit schemes – net of tax	**-**	**-**	**(8.2)**	**(8.2)**
Foreign exchange differences on retranslation of foreign operations	**-**	**1.5**	**-**	**1.5**
Foreign currency hedge – net of tax	**-**	**(3.4)**	**-**	**(3.4)**
Total comprehensive income for the year	**-**	**(1.9)**	**9.0**	**7.1**
Transactions with owners:				
Net ESOP shares utilised	**-**	**0.7**	**-**	**0.7**
Gain on ESOP shares	**-**	**-**	**0.9**	**0.9**
Share-based payments	**-**	**1.0**	**-**	**1.0**
Share issues	**0.5**	**30.1**	**-**	**30.6**
Transfer	**-**	**(30.1)**	**30.1**	**-**
Tax on other employee benefits	**-**	**-**	**0.1**	**0.1**
Dividend paid	**-**	**-**	**(10.8)**	**(10.8)**
	0.5	**1.7**	**20.3**	**22.5**
Balance at 31 December 2014	**5.2**	**35.5**	**126.6**	**167.3**

	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

Consolidated cash flow statement

for the year ended 31 December

	2014 £m	2013 £m
Cash flows from operating activities		
Profit before taxation	25.2	22.0
Adjustments for:		
Foreign exchange differences	(4.4)	0.3
Depreciation of property, plant and equipment	2.9	2.2
Depreciation of investment property	0.1	-
Share-based payment expense	1.4	1.0
Gain on sale of property, plant and equipment	-	(0.2)
Amortisation of intangibles	0.1	0.5
Impairment of intangibles	0.2	-
Impairment of investments	0.2	-
Difference between pension contributions paid and amount recognised in the income statement	(1.9)	(2.2)
Finance revenue	(0.7)	(0.7)
Finance costs	-	0.1
Other finance costs – pensions	0.2	0.5
Increase in inventories	(0.5)	-
Decrease/(increase) in trade and other receivables	6.0	(7.2)
Increase in bonus accrual	14.8	8.5
Increase in trade and other payables	0.8	2.5
Increase in provisions	1.0	0.2
Cash generated from operations	45.4	27.5
Income tax paid	(7.6)	(4.7)
Net cash flow from operating activities	37.8	22.8
Cash flows from investing activities		
Interest received	0.5	0.5
Purchase of property, plant and equipment	(1.8)	(1.6)
Proceeds from sale of investments	-	0.1
Proceeds from sale of property, plant and equipment	0.1	0.4
Purchase of investments	(0.2)	-
Transfer to current investments (funds on deposit)	(0.1)	-
Acquisition of subsidiaries, including deferred consideration	(4.5)	(6.6)
Cash acquired on acquisitions	0.5	3.2
Dividends received from investments	0.2	0.2
Net cash flow from investing activities	(5.3)	(3.8)
Cash flows from financing activities		
Dividend paid	(10.8)	(9.6)
Proceeds from shares issued (net of transaction costs)	30.6	-
Net cash flow from financing activities	19.8	(9.6)
Net increase in cash and cash equivalents	52.3	9.4
Cash and cash equivalents at 1 January	96.9	89.4
Net foreign exchange differences	3.7	(1.9)
Cash and cash equivalents at 31 December	152.9	96.9

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 financial statements for the years ended 31 December 2013 and 2014, but is derived from those financial statements. Statutory financial statements for 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the company's Annual General Meeting. External auditors have reported on the financial statements for 2013 and 2014; 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 Conduct Authority. The financial information is in accordance with the accounting policies set out in the 2014 financial statements.

3 Segmental information

Segmental information for revenue and results is as follows:

Business segments		**Revenue**		**Results**
	2014	2013	**2014**	2013
	£m	£m	**£m**	£m
Broking	**183.4**	160.3	**34.1**	27.5
Financial	**15.5**	11.6	**(1.4)**	(3.3)
Support	**31.9**	19.7	**4.0**	3.1
Research	**10.4**	9.7	**3.5**	3.0
	241.2	201.3		
Less: property services revenue arising within the group, included under support	**(3.3)**	(3.3)		
Segment revenue/results	**237.9**	198.0	**40.2**	30.3
Head office costs			**(6.9)**	(5.4)
Operating profit before exceptional items and acquisition costs			**33.3**	24.9
Exceptional items			**(1.6)**	(1.0)
Acquisition costs			**(7.0)**	(2.0)
Operating profit after exceptional items and acquisition costs			**24.7**	21.9
Finance revenue			**0.7**	0.7
Finance costs			**-**	(0.1)
Other finance costs - pensions			**(0.2)**	(0.5)
Profit before taxation			**25.2**	22.0
Taxation			**(8.0)**	(6.7)
Profit for the year			**17.2**	15.3

4 Exceptional items

2014
In June 2014, Clarkson PLC signed a 15 year lease on a new flagship head office at Commodity Quay, St. Katharine Docks, London, commencing on 29 September 2014. The existing lease for St. Magnus House, London expires in December 2015. An onerous lease provision of £0.7m for St. Magnus House and the additional rent charge for Commodity Quay of £0.9m have been treated as an exceptional item.

2013
During 2013, the decision was made to restructure the cost base of Clarkson Capital Markets, which included the closure of the Dubai operation. This led to an exceptional charge of £1.0m.

5 Acquisition costs

Included in acquisition costs are cash and share-based payment charges of £2.8m (2013: £1.3m) and interest of £nil (2013: £0.1m) relating to acquisitions. These are contingent on employees remaining in service and are therefore spread over the service period.

Also included is £4.0m (2013: £nil) of legal and professional fees relating to the Platou acquisition, £0.1m (2013: £0.2m) of legal and professional fees relating to the Ewings acquisition, and £0.1m (2013: £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:

	2014 £m	2013 £m
Profit at UK average standard rate of corporation tax of 21.49% (2013: 23.25%)	**5.4**	5.1
Expenses not deductible for tax purposes	**2.5**	1.4
Other adjustments	**0.1**	0.2
Total tax charge in the income statement	**8.0**	6.7

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:

	2014 £m	2013 £m
Profit for the year attributable to ordinary equity holders of the parent	**17.2**	15.3

	2014 Millions	2013 Millions
Weighted average number of ordinary shares	**18.7**	18.6
Diluted weighted average number of ordinary shares	**19.2**	19.0

8 Dividends

The board is recommending a final dividend of 39p (2013: 37p), giving a total dividend of 60p (2013: 56p). This final dividend will be payable on 5 June 2015 to shareholders on the register at the close of business on 22 May 2015, subject to shareholder approval.

9 Intangible assets

On 12 June 2014, the group acquired 100% of the share capital of Michael F. Ewings (Shipping) Limited. As a result of this acquisition, goodwill of £0.4m has been recognised.

10 Current investments

The group held £25.3m in deposits with a maturity of 95 days at the year-end (2013: £25.2m in deposits with a maturity of 100 days). These deposits are held with an A-rated financial institution.

11 Cash and cash equivalents

	2014 £m	2013 £m
Cash at bank and in hand	**150.8**	95.4
Short-term deposits	**2.1**	1.5
	152.9	96.9

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 2014 the group had a deficit of £10.3m (2013: £1.8m). This amount is included in full on the balance sheet as a non-current liability; deferred tax of £2.1m (2013: £0.4m) has been provided on this amount. The deficit includes £nil (2013: £0.9m) relating to a minimum funding requirement on the Plowrights scheme.

The market value of the assets was £163.0m (2013: £152.7m) and independent actuaries have assessed the present value of the funded obligations at £173.3m (2013: £153.6m).

13 Share capital and reserves

On 27 November 2014, the company placed 1,613,698 ordinary shares in the capital of the company, raising gross proceeds of £31.5m. The proceeds of £30.6m, net of £0.9m transaction costs, are shown in the statement of changes in equity. No share premium is recorded in the company's financial statements, through the operation of the merger relief provisions of the Companies Act 2006.

14 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.

15 Post balance sheet event

On 2 February 2015, the group completed the acquisition of RS Platou ASA (Platou).

Platou is a leading international broker and investment bank providing high value brokerage, financial and advisory services focused on the offshore and shipping markets, operating from offices in 11 countries located in key global financial and shipping centres. The Platou group's business comprises four core divisions: offshore, shipbroking, investment banking and project finance, which are complemented by a variety of research capabilities.

Total consideration is £281.1m, of which 8.34% (£23.4m) of cash was paid, and 75.00% (£210.9m) of consideration shares were issued, on completion. The outstanding consideration of 16.66% (£46.8m) is payable in loan notes.

The unaudited results for the Platou group for the 12 months ended 31 December 2014 are set out below:

Continuing operations	2014 £m (unaudited)
Revenue	**115.3**
Administrative expenses	**(87.7)**
Operating profit	**27.6**
Finance revenue	**2.1**
Finance costs	**(1.4)**
Other finance costs	**(0.6)**
Profit before taxation	**27.7**
Taxation	**(7.5)**
Profit for the period	**20.2**
Minority interest	**(2.0)**
Retained profit	**18.2**

On a constant currency basis the retained profit increased by 6.4% from the previous year.