7 March 2016

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 2015.

	Year ended 31 December 2015	Year ended 31 December 2014
Revenue	**£301.8m**	£237.9m
Underlying profit before taxation*	**£50.5m**	£33.8m
Profit before taxation**	**£31.8m**	£25.2m
Underlying earnings per share*	**121.9p**	134.2p
Dividend per share	**62p**	60p

*Before exceptional items and acquisition costs of £18.7m (2014: £8.6m)
** After exceptional items and acquisition costs
All financials include 11 months post-acquisition results of Platou

Summary

- Robust performance in challenging markets
- Integration now successfully complete following the acquisition of RS Platou ASA in February 2015
- Dividend increased by 3% to 62p; unbroken progressive dividend increases since 2002
- Forward order book for the enlarged group for 2016 of US$151m
- Solid balance sheet, including £91.6m of net funds[1]

[1] Net funds is cash and cash equivalents and current investments, after deducting amounts accrued for performance-related bonuses

Andi Case, Chief executive, commented:

"In what has been an incredibly challenging year across our markets, Clarksons has delivered a robust performance. Offshore has experienced the most challenging environment, whereas significant movements in commodity prices have changed trade flows, which in turn has created both positive and negative impacts to shipping demand as the volatility has played out. Throughout, our 'best in class' service offer, underpinned by unique breadth, global reach and the depth of expertise, has enabled us to not only be at the forefront of activity in the markets, but benefit from a flight to quality as operators look to work with the most experienced and creative solution providers in the industry.

"Once again, seaborne trade grew in 2015. However, the primary concern remains the oversupply of tonnage in a number of the shipping markets, combined with the additional challenge of debt and equity funding increasingly witnessed across the global shipping industry. The geo-political and macro-economic environment remains very uncertain and, as such, we do not anticipate any changes to our markets in the near term. However our business model has proven to be robust and the strategic advances we have made in 2015, coupled with our strong balance sheet, ensure that we are 'fit for the future'. As we continue to see building blocks for the creation of healthier shipping markets, we feel best placed to capitalise on new opportunities."

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Chairman's review

Overview

Whilst shipping and offshore markets have seen some good opportunities during 2015, overall there have been unprecedented challenges, so we are very pleased Clarksons has once again delivered a robust performance. Key to this has been sticking to our strategy of 'best in class' service offer, underpinned by unique breadth, global reach and the expertise of our people. Without losing sight of the really important day-to-day service, difficult times often require new solutions. The integrated tool box now available to clients, combined with real execution expertise, has been key to these results and is also essential for the way forward.

On 2 February 2015 we completed the acquisition of RS Platou ASA (Platou), a leading international broker and investment bank, focused on the offshore and shipping markets. Through this acquisition we have combined two leading businesses and highly experienced and proven management teams to create a fully integrated offer across shipping and offshore, broking and banking. The board firmly believes that this deal sets new standards in the broking industry. The integration of our two businesses has continued at great pace over the course of the year and is now effectively complete. On behalf of the board I would like to congratulate the entire team across the business on this significant achievement.

Results

The results in 2015 include 11 months' contribution from Platou.

Underlying profit before taxation was £50.5m (2014: £33.8m). Profit before taxation was £31.8m (2014: £25.2m).

Underlying earnings per share was 121.9p (2014: 134.2p) resulting in basic earnings per share of 68.2p (2014: 91.9p).

Dividend

Clarksons has increased the dividend every year since 2002 in line with its progressive dividend policy, and in 2015 again Clarksons intends to raise the dividend paid to our shareholders. The board is recommending a final dividend of 40p (2014: 39p). The interim dividend was 22p (2014: 21p), resulting in a 3% increase in the total dividend for the year to 62p (2014: 60p). The dividend will be payable on 3 June 2016 to shareholders on the register at 20 May 2016, subject to shareholder approval.

People

The most important core strength of the group is the quality of our people, who constitute the heart of everything we do, and I am delighted to confirm that the integration process has gone well. The combined team now fields experts across the globe in every part of our business: shipping and offshore, banking and broking, research and support.

Board

Following completion of the Platou acquisition, and as highlighted in my report last year, Peter M. Anker and Birger Nergaard joined the board. Their contribution and breadth of experience has been of great value.

During the course of the year we were delighted to announce the appointment of Jeff Woyda as chief operating officer of the group in addition to his role as chief financial officer. Jeff joined Clarksons in 2006 and has played a major role in the growth and development of the business in the last nine years. The board believes this appointment better reflects Jeff's remit and role within the business.

Outlook

The challenges witnessed across the global shipping markets have continued into 2016. The macro-economic environment remains very uncertain and as such we do not anticipate any changes to our markets in the near term.

Despite this backdrop, growth remains a central plank of our strategy. Market turbulence continues to drive a flight to quality which, as the market leader, we have benefited from. It has also encouraged the consolidation we have seen in the industry in recent years and of which we have been at the forefront. Over the course of 2015 we have taken significant strides to strengthen the fully integrated Clarksons' offer with the very best people supported by valued research and unique technology, positioning our business for the long-term.

James Hughes-Hallett
Chairman
4 March 2016

Chief executive's review

Challenge and opportunity have been our watchwords in 2015. The global shipping and offshore markets have faced severe challenges throughout the course of the year as the shift in oil and other commodity prices, coupled with the macro-economic environment, gave rise to a consequential change in the demand/supply balance in many market sub-sectors. Whilst these dynamics have regularly made global news headlines in 2015 and their impact has undoubtedly been felt by all connected to the sector, we must remember that ours is an industry which has experienced unparalleled market volatility over the years. At Clarksons, our long-standing strategic focus on developing 'best in class' client service, coupled with our unique product breadth and global reach, has allowed us to face these headwinds again and continue to invest in our business, ensuring we are positioned for future opportunity in whichever marine market it shows.

Despite the turbulent market environment, we have remained focused on our strategy for long-term growth and at the start of 2015 we were delighted to announce the completion of the transformational acquisition of RS Platou ASA (Platou) which has taken our capability and client offer to a new level. Both businesses are incredibly complementary with very little overlap in terms of service offer and geographic reach. The pace of integration has been good and over the course of the year we have successfully integrated our two businesses. Where each company had operations in the same city; Oslo, New York, Singapore and Dubai, we have brought together our teams into one office. We now have international reach across 20 countries through 46 offices, underpinning our ability to provide clients with invaluable global reach and insight at a local level.

As our business stands today our truly integrated service spans broking, financial, support and research in all the key global shipping and offshore sectors and across all areas of financing; public equity, private equity, debt capital markets, M&A, restructuring project finance and bank debt advisory. During the year we completed the rebranding of our broking and financial services operations as Clarksons Platou to reflect the strength of both brands in their respective marketplaces. This has further enhanced our 'best in class' position as we are now a market leader in each of our operations.

In the multi-cyclical shipping markets, this breadth of product offer is vital as our performance in 2015 has shown. The dry cargo markets have remained severely depressed, reflecting the slowdown in Chinese economic output, and the low oil price continues to put offshore operators under significant pressure. However, in contrast, the tankers, specialised products and gas markets have all performed well and the Clarksons teams have been at the forefront of market activity, once again taking increased market share.

As we highlighted over the course of the year, activity levels in the maritime capital markets have been negatively impacted. These markets became increasingly difficult in the second half of 2015 and volumes across Clarksons Platou Securities were substantially down on 2014. However, our teams have worked hard to maintain their leading positions for capital raising in the energy and maritime industries and completed a significant proportion of the corporate activity which took place in the sector. It is encouraging to see that even in these very difficult markets we have still been able to leverage our product portfolio and work closely with clients from our broking and support businesses, supporting them on the execution of their overall strategies.

Our strong client relationships have been built through many years of being the market-leading provider. In tighter, more difficult markets there is often a move to work with the teams who have the expertise, market understanding and placing power to execute in the most difficult of markets and can fully support clients across all their service requirements.

Research and analysis continue to play a crucial role in underpinning our full service client offer. We are the industry's leading provider of data and market intelligence on the shipping and offshore industries and our trusted research team is by far the largest commercially-led unit in the maritime world. Despite the challenging markets, the increasing strength of our research business reflects the importance we and our clients place on this valuable market insight.

Our long-standing focus and investment in technology has also ensured that the wealth of information across our business can be shared globally, further strengthening the quality of the offer and services that we can provide to our clients on a local basis. This is evident throughout all of our offices where open plan design and technology infrastructure is designed to facilitate the sharing of knowledge and expertise across both our different business divisions and global network to ensure a totally integrated and consistent global offer.

We are a people business. The quality of the people in our business is exceptional and the integration of the Platou team has strengthened that further. The 'Can Do' attitude of our combined team, their professionalism, dedication, commitment and sheer determination has been remarkable and allowed us to seize opportunities even in difficult markets and I would like to thank each and every one of them for their hard work over the course of the year.

As we look forward to 2016, the market outlook remains supressed and the challenges in the dry cargo and offshore markets continue to dominate overall sentiment. However, our business model has proven to be robust and the strategic advances and investments we have continued to make ensure that we are 'fit for the future'. As we continue to see building blocks for the creation of healthier shipping markets, we feel best placed to capitalise on new opportunities.

Andi Case
Chief executive
4 March 2016

Business review

Broking

Revenue: US$365.3m (2014: US$313.2m)
Revenue (sterling equivalent): £239.5m (2014: £190.2m)
Segment result: £49.1m (2014: £34.6m)
Forward order book for 2016: US$151m* (At 31 December 2014 for 2015: US$110m*)
* Directors' best estimate of deliverable FOB

Dry cargo

The dry cargo market endured one of its most difficult years in 2015, experiencing lows not seen since the mid-1980s. The Baltic Dry Index (BDI) established a new all-time low in February 2015 which has since dropped further in 2016. Charter rates across all four main vessel segments hovered around cash operating costs, causing a substantial decline in fleet valuations and exerting pressure on shipowner balance sheets.

The main cause of the weakness has been the slowdown in industrial activity within China, which has had a pronounced impact on the seaborne trade of dry commodities. China represents nearly 40% of the major bulk trade of iron ore, coal and grain and accounts for two-thirds of the iron ore trade alone. In 2015 total global dry cargo trade is estimated to have remained flat with levels from 2014, a material change from the 5-7% growth rate seen during the previous four years.

The dry cargo fleet grew by a net 3% in 2015 after taking into account a relatively high 4-5% of scrapping. Charter rates remained at low levels, irrespective of this scrapping, as the lack of any demand growth meant additional newbuilding tonnage could not be absorbed.

Against incredibly challenging trading conditions, the Clarksons Platou dry cargo team have worked hard to increase fixture volumes and build market share. Following the smooth and successful integration, we have further strengthened our combined team to ensure we have the right people to compete in what is a very challenging marketplace. Encouragingly we have also seen greater interaction between our teams across our expanded office network and this has been evidenced by the increasing number of deals co-broked between offices.

Containers

2015 was another difficult year for the container shipping market, with volumes growing 2-3% compared to over 5% growth during 2014. Although boxship charter market earnings registered increases in the first half of the year, the second half saw earnings trend back down to historically low levels.

In early 2015, the more positive charter market was driven by limited supply side growth in the small and medium sized containership fleets. The key driver of the deterioration in the charter rate environment in the second half of 2015, however, was the significant slowdown in demand growth. In addition, sentiment weakened with regard to charterers' vessel demand, and idle capacity increased once again, reaching around 7% of the fleet late in the year.

The box freight market across 2015 was not only volatile but also subject to severe downward pressure, significantly impacting liner company performance. At the end of December 2015, the spot freight rate on the key Far East-Europe trade stood at US$313/TEU, 73% lower than the 2014 full year average, with rates having hit levels around historical lows on more than one occasion during the year.

On the demand side, the outlook has softened considerably. Global container trade growth is estimated at 2.5% in 2015, significantly down on original expectations. Volumes on the key Far East-Europe trade have contracted on the back of weak European economic performance, reduced Russian volumes and cutbacks in inventory stocking. Meanwhile, growth in intra-Asian volumes has slowed to around 3% due to slowing economic expansion in China and weaker economic progress elsewhere in Asia. Global container trade is expected to expand by around 4% in 2016, but this is clearly subject to downside risk.

On the supply side, the fully cellular fleet stood at 19.7 million TEU at the end of 2015 having grown by 8.1% in the full year. The order book of 3.8 million TEU represented 19% of fleet capacity at the end of 2015.

In this challenging trading environment the Clarksons Platou container team leveraged its truly global network to drive fixing volumes. Following the integration with our colleagues from Platou, we have seen greater interaction with our expanded securities business which has broadened our offer to our corporate clients. We have also strengthened the team further and expanded into Japan.

Tankers

The tanker market in 2015 had its best year since 2008. VLCC spot earnings averaged US$60,000/day, above the 2009-2014 average of US$23,000/day, and comparable to the 2003-2008 'bull market' average of US$68,000/day. There are several key drivers behind this market strength, some of which are expected to continue for 2016. Lower oil prices have catalysed demand with global oil consumption growing at an estimated 2% compared to 1% on average annually during the previous 10 years. Oil consumption in China is estimated to have grown over 5% in 2015, despite the general slowdown in its economy, as lower oil prices appear to have had a positive impact on demand.

Other key factors supporting the tanker market have been higher refining margins, increased long-haul trade from the Middle East and Atlantic Basin, a persistent contango in the oil futures curve supporting inventory-building and a lack of meaningful tonnage additions.

Crude tanker demand is estimated to have grown by 4-5% during 2015 compared to fleet growth of just 1-2%, causing a substantial increase in fleet utilisation. The clean products market saw demand increase by an estimated 6%, in line with the 6% supply growth. The combination of higher refining margins worldwide and new refinery capacity in the Middle East and Asia supported product carrier earnings. Stronger crude tanker rates helped drive product carrier rates higher - especially considering the switching capability between the crude aframax and clean aframax LR2 classes. LR2s averaged US$30,000/day in 2015, double the earnings average seen since the financial crisis while MRs earned US$21,500/day (also double the annual averages since 2008).

There has been a sizable increase in long-haul trade as OPEC has publicly sought to maintain and increase its market presence. Looking ahead there are signs of production risk in the US, with non-OPEC supply in 2016 projected to decline for the first time since 2008. This is supportive of continued long-haul movements on both crude tankers and product carriers. Potential output declines also position the US as a growing importer of oil after several years of declining imports.

Crude vessel additions are projected to increase meaningfully in 2016 as the fleet is expected to grow by 5-6% compared to 1-2% for 2015. Product carrier fleet growth is expected at 5%, below the 6% for 2015. While crude tanker supply growth increases in 2016, demand is projected to maintain pace with 2015 and thus the market outlook remains positive.

International agreements allowing for potentially higher Iran oil volumes are expected to lend some support while there are increasing geo-political risks particularly within the Middle East following the recent tensions between Saudi Arabia and Iran. It is early to provide a proper assessment but this is a development requiring close attention.

The Clarksons Platou tanker team has been at the forefront of all activity across the sector, leveraging its leading market position, unrivalled global market coverage and scale.

Specialised products

Despite volatile commodity markets and an uncertain economic outlook, we have seen overall improvements in seaborne cargo volumes within the specialised products industry.

Whilst the Clarksons Platou specialised products Spot Chemicals Index recorded an average decrease of 2% year-on-year and the Spot Edible Oils Index posted a gain over the same period of just 5%, the average price of 380 CST fuel oil has also fallen by 49%. The drop in the price of crude oil and the effect on marine fuel pricing has significantly reduced the cost base for our industry, with those owners operating predominantly on the spot charter markets gaining the most immediate benefit. The interlinked period charter markets experienced an increased appetite from market participants as they sought to gain access to the improved returns on offer. As a result, average one year time charter rates for benchmark units increased by 11% in 2015 when compared to 2014.

The fall in crude oil price has had numerous ramifications for chemical producers around the globe. Those producers using naphtha as a feedstock, primarily in Europe and Asia, have experienced lower feedstock costs but also lower end-product prices and therefore typically maintained their margins. Other key regions, such as the US, have seen their competitive advantage eroded somewhat as input costs for shale gas fed crackers have remained largely unchanged over the period. Whilst these shifts have resulted in some projects stalling in the planning phase, the region remains extremely competitive on a global scale and there have been a number of new project announcements in recent times. The fleet of available specialised products tankers has seen moderate growth in 2015 of 4% to 47.9m dwt when compared to 2014. The end of year scheduled order book has now reduced from 14.6% of the in-service fleet by dwt in 2014 to 12.3% at the end of 2015. There have been pockets of fresh contracting activity, but in many cases this is now for vessels which are part of strategic tonnage replacement programmes by established operators, rather than new entrants into the marketplace.

The Clarksons Platou specialised products team has had a busy year and 2015 has seen us develop and expand our service offer in this market. The integration of the Platou team has played a key role in this with their strong relationships bringing new growth opportunities. Over the course of the year we also strengthened the team further with key hires.

Gas

The biggest factor underpinning the strength of the market was the continued growth in US export volumes which ran at very close to terminal capacity levels to hit 20.8m mt from a base of 14.7m mt in 2014. Throughput of existing facilities was expanded as new terminal capacity commenced production.

Having broken previous market highs in 2014, the VLGC sector enjoyed another strong year. The continued fall in oil prices and bunkers served to further boost earnings with time charter equivalent earnings averaging over US$2.7m a month compared with US$2.3m last year. Despite the addition of 35 newbuildings during the course of the year, strong growth in LPG trade volumes combined with an increase in the percentage share of US exports headed for Asia (most notably China) continued to support tonne-mile demand growth. This strength was largely mirrored in the sizes below, particularly the LGCs.

The midsizes continued to benefit from the growth in LPG export volumes despite trade growth in ammonia proving fairly unsensational in 2015. The combination of minimal deliveries (three in the year), rising US exports and growing import demand in the Med and South America helped continue to underpin midsize requirements. The handysize sector, however, did not fare so well as there have been more additions, both in number and cubic size, to the fleet.

Smaller sized gas carriers have not performed as well as the larger units as the sector has been hit by the dual effects of fleet growth and a slowdown in trade. The exception to this has been the smaller semi-refrigerated and ethylene sectors which have performed better.

The Clarksons Platou gas team continued to grow and increase market share during 2015.

LNG

The expectation at the start of 2015 was for global LNG demand to grow by around 6% on the back of the new supply coming from Australia and Papua New Guinea. However, a decline in production from Yemen and Algeria resulted in a modest growth of approximately 2%. This meant that trade volume remained almost unchanged since 2011 in the range of 240-250 mt of LNG.

With the northern hemisphere experiencing its third consecutive mild winter, the consumer demand for heating and power generation remained low, adversely impacting LNG imports to key markets in the Far East. Japan and Korea, by far the largest importers of LNG, maintained very high inventories throughout the year and have therefore been all but absent from the spot market.

Nevertheless, the market has by no means been static. A number of new importing markets emerged in 2015 which were actively seeking new supply and thus impacted the dynamics in the spot shipping and trading marketplaces. Floating storage and regasification units played a major role in unlocking these new markets, which proved the centres for demand growth in 2015.

The spot market once again saw increased activity of approximately 30% from 2014 levels and 80% from 2013 levels. The decline in LNG imports in the Far East and the lower tonne-mile demand due to the closer proximity of new supply to the consumers, combined with the tonnage oversupply, pushed charter rates down. The spot market for modern tri-fuel carriers averaged approximately US$36,000/day, while steam powered LNG carriers on average earned approximately US$26,000/day (decline of approximately 50% from 2014 average in both segments). Modern tonnage dominated the spot market, with approximately 75% of fixtures concluded with modern tri-fuel tonnage, whilst steam turbine ships competed in a limited number of trades.

In 2015, the fleet expanded by approximately 7% with around a third of this expansion being speculative, adding pressure on the charter market. However, most of the speculative tonnage ordered in the 2011/2012 period has now been delivered, which should start easing pressure on rates going forward. Around 35 vessels are scheduled for delivery in 2016, of which only three remain without a charter.

Against this backdrop, the Clarksons Platou LNG team have worked hard to significantly increase volumes, despite the poor freight rates, and have taken market share in the sector.

Sale and purchase

Secondhand

With dry cargo freight rates in the doldrums and the tanker markets (both crude and clean) continuing at firm levels, the secondhand sale and purchase markets were challenging for wet and dry over the course of 2015 but for differing reasons.

The complete disconnect between the performance of the wet and dry sale and purchase markets in all sizes is historically very unusual. Tonnage oversupply caused pain in dry cargo whilst at the same time the collapsing price of crude oil drove tanker rates back to historic highs.

Surprisingly this has translated into more sale and purchase activity within dry cargo than perhaps we might have expected. Poor charter rates coincided with traditional shipping banks coming under increased pressure to reduce their loan books and private equity seemingly unwilling to continue to plug the gap. The result in some instances has been forced decisions, as so-called ‘distressed sellers’ have had to exit their investments at any price or risk having their vessels taken by their lenders, who are becoming more active as the weeks go by.

Some of our more traditional, private family-owned clients have seen this as an opportunity to purchase modern assets at knockdown prices and so volatility has produced liquidity and those with cash reserves have been leveraging their strength at the expense of those without. We have been able to conclude a good number of transactions, albeit at reduced price levels, and have enjoyed growth in market share. There is no doubt that the increased level of information we have enjoyed from our new merged team has supported this.

In addition, 2015 saw a dramatic increase in the levels of tonnage being scrapped. Our market share in this sector has increased due to our specialist demolition desk where revenues have doubled.

For the tanker markets it has been more difficult as the lack of pressure on sellers, due to improved earnings, has resulted in them asking for higher prices throughout the year. These have become ever harder to achieve, with buyers questioning how long they might be able to enjoy these very positive earnings. Long-term uncertainty has had a negative effect on activity levels as buyers found themselves unable to find period employment beyond two years at anything close to the spot market. Nevertheless, we have once again concluded some very high value transactions.

Newbuilding

The Clarksons Platou newbuilding team performed well in 2015. Integration post-merger brought a number of key opportunities and the enlarged team delivered growth in new market sectors whilst at the same time continuing to drive heritage relationships.

Ordering volume globally fell year-on-year by some 30%. This was partly in response to an incredibly challenging dry cargo market but also a reduced appetite from the capital markets-backed players that were responsible for driving significant volume into the global order book over the past two years.

Key industrial and end user relationships within the group were, however, capitalised upon and a number of notable projects were concluded. Clarksons Platou placed 25% of the global LPG order book in 2015, by capitalising on established project structures with major participants, and the continuing development of key private relationships. Similarly in the tanker segments, the group was the major service provider to the prominent Korean builders.

Looking forward, we expect that 2016 will continue to be challenging as regulatory shifts put pressure on shipyards to manage their cost base in an environment that is becoming increasingly price sensitive. It is likely that the market will need some time to adjust and re-establish fundamentals, but the team is well positioned to capitalise on all opportunities that present themselves.

Offshore

2015 was a challenging year for the offshore market as charter and spot rates continued to fall.

The year started with falling utilisation and increasing availability of vessels as contracts came to an end. This trend continued and was exacerbated as contracts were terminated and renegotiated. Oil companies were aiming for 20-30% cost reduction across the board and continue to be relentless in their pursuit of these cost savings. Those national oil companies that are managing to maintain activity levels are more than offset by those state-owned companies which are struggling and super majors who are cutting back.

Towards the end of the year, the reduced oil price increased demand and this trend is expected to continue for 2016. Whilst much of the growth is being met by increased onshore and shallow water offshore production by Saudi Arabia and US shale gas, it is not clear how much further this can continue. If Iran becomes a significant supplier, it may create further demand for replacement offshore assets.

On the supply side, utilisation rates fell as increasing numbers of rigs and OSVs have been stacked up. As a result, we saw multiple bidders and as many as 30 rigs being offered for one job, implying further downward pressure on rates. The subsequent financial cost of not having regular revenues on assets is resulting in rig and OSV players having to restructure, to the potential benefit of the securities team. There are also some signs that owners are being more realistic about asset prices which may create opportunities for sale and purchase transactions.

Although not immune to the challenging markets, the Clarksons Platou offshore team has fared comparatively well. We have worked hard to further build and strengthen our significant share of the OSV chartering market and have seen good sale and purchase activity levels, albeit at comparatively low values. The strength of our teams coupled with our high quality analysis and research has positioned us to take advantage of the flight to quality in our markets and wherever there have been signs of activity the scale of our team and placing power has meant we have been at the forefront.

Futures

2015 started with levels very close to historic lows. The cape index opened at US$3,580 and, despite a brief move upwards in late January, maintained an average over the first half of the year below US$5,000. The panamaxes similarly averaged below US$5,000 for the same period whilst the supramaxes provided the only surprise in performing best over the first six months of all sizes at close to US$6,600.

Q3 provided some relief from the negativity of the first half and values on capes rose to nearly US$19,500 in August, whilst panamaxes peaked at US$9,403 and supramaxes at US$9,770. The anticipated spike in Q4 failed to materialise and the cape q4 index declined steadily to end the year at US$4,028. Average value for the year on capes was US$6,996 whilst panamaxes averaged US$5,560 and supramaxes averaged US$6,965.

Volumes on freight swaps were generally similar to 2014 but the options market proved more interesting with volumes growing 68%.

Disappointing though the market was in 2015, we continued to build market share in the options market and offset some of the difficulties in the swaps market, where we continue to have a strong market share in all sizes.

Iron ore market volumes grew and ended the year at 844,119,300 mt (up 70.32% on 2014). Values deteriorated steadily with the year starting at US$71.20 for TSI 62% and ending the year at US$42.90. By comparison, 2014 values fell from an open of US$135 to a close of US$71.20. Our swaps volume in this growing area has improved and we have recently entered the iron ore options market where we expect further growth.

In these challenging markets we continue to see a flight to quality as clients want reassurance that they are working with expert teams at highly credible and sustainable brokerages.

Financial

Revenue: US$43.8m (2014: US$14.3m)
Revenue (sterling equivalent): £28.7m (2014: £8.7m)
Segment result: £1.2m profit (2014: £1.9m loss)

Securities

The global stock markets have been severely depressed over the course of 2015 reflecting the tumbling oil price and broader global economic uncertainty. Investors' confidence by the end of 2015 was drained. Developments across various asset classes in the US and European financial markets were largely influenced by international factors, including a weakening global growth outlook and falling commodity prices.

The first half of 2015 was dedicated to integrating the former Clarkson Capital Markets (CCM) with the Platou markets group, establishing the Clarksons Platou securities group located in Oslo, New York and Houston. Our enlarged team has a strong sales force covering investors globally focused on energy and maritime industries, in addition to a strong research team providing industry leading research to our customers.

Corporate finance revenues in 2015 were driven by equity capital markets transactions, however the markets became increasingly difficult during the second half. Although volumes were substantially down from 2014, the securities group has strong market share in our core segments. We have maintained our leading position in raising capital for the energy and maritime industries, raising a total of US$1bn for companies within our core sectors. We have also continued to hold a very strong position in global shipping transactions working with the most active issuers listed in the US. On the fixed income side, securities has been one of the most active restructuring and divestment advisors, a position maintained during 2015. Commission from the secondary trading of equities has also increased compared to 2014.

Project finance

The first half of 2015 was an active year in shipping project finance, with special focus on the tanker and feeder container segments. In the dry cargo market, the recent drop in secondhand and vessel resale values has once again created interesting opportunities for asset play projects that can be financed using 100% equity, as today's charter rates are not high enough to cover debt servicing as well as operating expenses.

The traditional shipping banks' appetite to look at new transactions has slowed down noticeably, as their exposure in offshore, container and dry cargo is challenging loan-to-values and earnings in the spot market are only enough to cover operating costs. In projects with newer vessels, long underlying time charters or bareboat charters to large owners, debt financing for projects is still available.

Over the course of 2015 we have grown our team with a new project sales desk designated to focus on increasing both our investor base and the liquidity of shares in the secondhand market within shipping/offshore and real estate.

Our real estate team had a very busy year in 2015 and delivered a strong performance. The Nordic real estate market reached all-time highs in the first half of the year, and yields on prime assets are under pressure from institutional funds seeking stable dividends in stable macro-economies like the Nordic.

Foreign investors have had an increasing appetite for the Norwegian market over recent years, and we saw this trend continue in 2015 with the year ending with record high transaction volumes. For the first time the Norwegian market outperformed the Swedish market, that has traditionally been one of the top five in Europe.

Debt and leasing solutions

2015 started with a wave of optimism from the debt and leasing markets. Many of the financial institutions that had slowed their lending in the wake of the financial crisis and enhanced regulatory pressure were showing signs of using their balance sheets with renewed vigour. However, as the year moved on, the traditional debt and leasing structures began to slow again and by the third quarter there was a very noticeable caution around the market. By the end of the year the traditional lenders were essentially inactive and looking into 2016, the outlook remains tight.

Against this challenging trading environment, we delivered a satisfactory trading performance, whilst rebranding our business as Clarksons Platou Debt and Leasing Solutions. The enlarged team focused on continuing the development of our excellent relations with alternative shipping lenders and Asia Pacific banks (in particular China). The new and enhanced relationships are allowing the desk to provide viable funding solutions to our clients and add further value to the Clarksons Platou platform.

Support

Revenue: £22.5m (2014: £28.6m)
Segment result: £3.3m (2014: £4.0m)

Port services

2015 was a good year for all our port services activities linked to conventional bulk shipping, although this has been heavily tempered by the downturn in the oil and gas market, which has negatively impacted the overall performance for the year. We continue to explore avenues away from oil and gas, whilst ensuring we are in a strong position to react when this market shows signs of recovery.

Agency

The southern Clarkson Port Services (CPS) offices performed well in 2015. Although shipments of grain were slow in the first half, they increased significantly in the second half, giving a strong result for the year. We have seen a return to our traditional mix of short and deep sea activity, and have benefited from taking over grain export agency business at the Tilbury grain terminal. Imports of animal feed have remained steady, supporting our Ipswich and west coast UK offices.

In contrast, the performance of our northern CPS offices has continued to be impacted by the weak oil price which has depressed industry activity in this region.

Coal import volumes have remained low, and the indication is that they will continue at this level in 2016 due to the closure or reduced operations of several coal fired power stations. Biomass has now largely replaced our coal volumes, with a notable new contract being awarded in Liverpool.

We have seen a growing confidence in offshore renewables, and an increased level of activity in preparation for new wind farm projects. CPS is well positioned for securing contracts in this sector during 2016.

Our newest acquisition in Belfast had an excellent year, performing well above expectations and supporting several oil rig and offshore projects in conjunction with their traditional bulk business. For 2016, we anticipate several opportunities for this success to continue.

Gibb Tools and Opex Industrial Supplies (Opex)

Gibb Tools and Opex had a weaker year than originally anticipated due to the low oil price and a market reluctance to invest, which affected our supply business.

However, our team has focused on preparations for the merger of these two supply-based businesses into a single headquarters in Aberdeen.

Stevedoring

Our stevedoring operation in Ipswich had a slow start to the year caused by markedly reduced grain export volumes. This was exacerbated by the weak euro making shortsea destinations unattractive. In contrast, the second half of the year saw much higher volumes giving us strong results for the year overall.

We won further customer support over the course of 2015, allowing us to expand our operations and take additional storage from the Ipswich Port Authority. We now have storage capacity for approximately 40,000 mt of bulk cargo.

Freight forwarding

Despite a good start to the year, our freight forwarding operation in Great Yarmouth suffered from lower volumes in the second half, primarily caused by lower activity levels from our major oil rig owners. As with other areas of our business, this is linked to reduced operations in the North Sea.

Property services

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

In 2014, the group 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 group moved into this new head office on 20 July 2015.

During the year, our teams in Oslo and Singapore moved into new premises, having signed leases for 12 and 5 years respectively.

The group also owns a number of freehold properties which are either owner-occupied or let on a full commercial rent.

Research

Revenue: £11.1m (2014: £10.4m)
Segment result: £3.4m (2014: £3.5m)

Research revenues grew strongly in 2015, reaching £11.1m (2014: £10.4m) 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 digital sales and a strong performance by our service contract and valuation business. Across 2015 there has also been a trend towards annuity based digital and service contract business, which has increased the amount of overall revenue being deferred.

Clarksons Research is respected worldwide as a market-leading provider of authoritative intelligence across shipping, trade, offshore and energy. Activities focus primarily on the collection, validation, management and analysis of integrated data about the shipping and offshore markets. Including wide ranging technical and commercial information in a fully integrated and relational format, the coverage and depth of the shipping research and trade database continues to expand and now includes coverage on over 100,000 vessels, over 40,000 companies, over 25,000 machinery models, over 600 active shipyards and fabricators, over 600,000 fixtures and over 100,000 time series.

The offshore and energy database provides comprehensive coverage of all offshore fields, projects, platforms, subsea infrastructure, rigs, support vessels and construction vessels, wholly integrated within a Geographical Information System. Clarksons Research continues to invest heavily to expand its wide-ranging proprietary database, to develop and enhance its product offering and to support and promote the Clarksons group across the global shipping and offshore industries. The provision of data to the expanded Clarksons group was also enhanced during 2015.

The majority of Clarksons Research sales are derived from annuity revenue, with high customer retention levels. The client base is broad and diversified with excellent market penetration across the financial, asset owning, insurance, equipment supplier, governmental, private equity, energy, commodity, shipyard, fabrication and oil service sectors. There is also broad geographical spread and a strong position in expanding markets, with sales to the Asia Pacific region growing by over 24% in 2015. We continue to broaden our geographic footprint, with the expansion of operations in both Shanghai and Singapore during 2015.

Research derived its income from the following principal areas:

Digital

Sales from digital products increased by an encouraging 9% during the year. Our flagship maritime commercial database, Shipping Intelligence Network, has benefited from the roll out of a major upgrade during 2015 which has been well received by our client base. There was robust growth from our market-leading online vessel register, World Fleet Register, with further innovations to the system planned for 2016. Our digital offering across offshore, including World Offshore Register, continues to gain traction and our position as the leading provider of offshore data to the insurance market has been consolidated. Clarksons Research continues to develop new proprietary data areas within their offering including the utilisation of AIS data, additional company information, trade and commodity flows, the tracking of capital market activity, machinery and environmental packages on board ships and subsea and pipeline infrastructure.

Publications

Clarksons Research produces weekly, monthly, quarterly and annual publications, registers and maps, available both in print and within our digital offering. In 2015 our well-established shipping range was supplemented by new publications covering global trade and the capital markets. Our comprehensive offshore offering, including Offshore Drilling Rig Monthly and Offshore Support Vessel Monthly, continues to gain traction. Publications remain an important aspect of our overall offering, besides generating important provenance and profile.

Services

Clarksons 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. Clarkson Research continues to be a leading provider of data to clients, producing capital market prospectuses across a range of issuance types and exchanges. Clarksons Valuations has been expanded and remains the leading provider of asset valuation services to the industry, including to many of the world's leading ship finance banks and public listed shipping companies, and performed particularly strongly across 2015.

Financial review

Net assets: £340.9m (2014: £167.3m)
Profit before taxation*: £50.5m (2014: £33.8m)
Dividend per share: 62p (2014: 60p)
*Before exceptional items and acquisition costs

Results

The increase in group revenue of 27% to £301.8m (2014: £237.9m) reflects a consistent performance within the underlying business from higher transactional volumes, and is augmented by the inclusion of 11 months of trading from Platou, following completion of the acquisition in February 2015. Administrative expenses increased by 27% to £242.0m (2014: £191.3m), however post-acquisition cost synergies arising from integration will amount to an annualised benefit of some £4.0m. An additional interim dividend of £1.4m was received from The Baltic Exchange in December 2015. Underlying profit before taxation was £50.5m (2014: £33.8m), which, after acquisition costs of £16.2m (2014: £7.0m) and £2.5m (2014: £1.6m) of exceptional items, resulted in a reported profit before taxation of £31.8m (2014: £25.2m).

Balance sheet effects of the Platou acquisition

The acquisition of the Platou group was completed during the first quarter. The balance sheet now combines the assets and liabilities of both Clarksons and Platou. The purchase price allocation has confirmed that a major proportion of the acquisition price, adjusted to the fair value at closing, relates to goodwill. A number of specifically identifiable intangible assets amounting to £21.9m were recognised on acquisition and are subject to amortisation over a two to four year period. Long-term interest-bearing bank loans and all bank overdrafts held by Platou have been repaid. Deferred consideration, in the form of vendor loan notes, is held on the balance sheet, repayable in two instalments in June 2016 and June 2017. Overall, the net assets of the group have increased by £173.6m. Merger relief was applied to the new shares issued by Clarkson PLC, resulting in an increase in other reserves.

Acquisition costs

Acquisition costs of £16.2m (2014: £7.0m) are shown in the income statement. The increase over 2014 reflects the costs incurred in respect of the acquisition of Platou and amortisation of the separately identifiable intangible assets. Estimated acquisition costs for 2016 will amount to £8.2m.

Exceptional items

Exceptional items comprise the additional rent and associated costs for Commodity Quay in London and the onerous lease provision for an office in Singapore. Also included are costs associated with the restructuring and integration of the two businesses. The release of the unutilised portion of the St. Magnus House dilapidation provision has been treated as exceptional other income.

Taxation

The group's effective tax rate, before exceptional items and acquisition costs, was 24.9% (2014: 25.9%). After exceptional items and acquisition costs, the rate was 29.8% (2014: 32.0%), which reflects the disallowable nature of certain acquisition costs.

Earnings per share (EPS)

Underlying basic EPS was 121.9p (2014: 134.2p). After exceptional items and acquisition costs, the basic EPS was 68.2p (2014: 91.9p).

Dividends

The board is recommending a final dividend of 40p (2014: 39p), which will be paid on 3 June 2016 to shareholders on the register at the close of business on 20 May 2016. The interim dividend was 22p (2014: 21p) which, subject to shareholder approval, would give a total dividend of 62p (2014: 60p). In taking its decision, the board took into consideration the 2015 performance, the strength of the group's balance sheet and its ability to generate cash and the forward order book. The dividend is covered 1.1 times by basic EPS (2014: 1.5 times).

Foreign exchange

The average sterling exchange rate during 2015 was US$1.53 (2014: US$1.65). At 31 December 2015 the spot rate was US$1.47 (2014: US$1.56).

Cash and borrowings

The group remains cash generative, ending the year with cash balances of £168.4m (2014: £152.9m). A further £5.4m (2014: £25.3m) was held in short-term deposit accounts, classified as current investments on the balance sheet. After deducting amounts accrued for performance-related bonuses, which are generally paid during the first half of 2016, net cash and available funds amounted to £91.6m (2014: £92.3m).

Balance sheet

Net assets at 31 December 2015 were £340.9m (2014: £167.3m). The balance sheet remains strong with net current assets and investments exceeding non-current liabilities (excluding pension provisions) by £36.2m (2014: £113.8m). The overall provision for impairment of trade receivables was £12.3m (2014: £9.9m) and the underlying US dollar balance increased by US$2.7m. The group's pension schemes have a combined liability before deferred tax of £4.1m (2014: £10.3m). This decrease is a result of the discount rate increasing from 3.4% to 3.8%, which is partially offset by the addition of the Stewarts scheme in the year.

Jeff Woyda
Chief financial officer and chief operating officer
4 March 2016

Risk management

Full details of our principal risks and how we manage them will be included in the risk management section of the 2015 Annual Report, together with our viability and going concern statements.

Our principal risks are:

- Failure to achieve strategic objectives
- Negative perception of the group as a result of employee conduct
- Loss of regulatory licence
- Financial loss or operational disruption caused by a cyber event
- Challenging market conditions
- Loss of key personnel
- Adverse movements in foreign exchange rate
- Adverse financial commitments relating to pensions
- Financial loss arising from a failure of a client to meet its obligations

Directors' responsibilities statement

The statement of directors' responsibilities below has been prepared in connection with the company's full annual report for the year ended 31 December 2015. 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 that:

- to the best of our knowledge, the consolidated financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group;

- to the best of our knowledge, the strategic report includes a fair review of the development and performance of the business and the position of the group, together with a description of principal risks and uncertainties that it faces; and

- we consider the annual report, taken as a whole, to be fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors on 4 March 2016 and is signed on its behalf by:

James Hughes-Hallett
Chairman
4 March 2016

Consolidated income statement

for the year ended 31 December

	2015 Before exceptional items and acquisition costs £m	Exceptional items £m	Acquisition costs £m	2015 After exceptional items and acquisition costs £m	Before exceptional item and acquisition costs £m	Exceptional item £m	Acquisition costs £m	2014 After exceptional item and acquisition costs £m
Revenue	**301.8**	**–**	**–**	**301.8**	237.9	–	–	237.9
Cost of sales	**(10.3)**	**–**	**–**	**(10.3)**	(13.3)	–	–	(13.3)
Trading profit	**291.5**	**–**	**–**	**291.5**	224.6	–	–	224.6
Other income	**–**	**1.3**	**–**	**1.3**	–	–	–	–
Administrative expenses	**(242.0)**	**(3.8)**	**(15.1)**	**(260.9)**	(191.3)	(1.6)	(7.0)	(199.9)
Operating profit	**49.5**	**(2.5)**	**(15.1)**	**31.9**	33.3	(1.6)	(7.0)	24.7
Finance revenue	**2.5**	**–**	**–**	**2.5**	0.7	–	–	0.7
Finance costs	**(1.1)**	**–**	**(1.1)**	**(2.2)**	–	–	–	–
Other finance costs – pensions	**(0.4)**	**–**	**–**	**(0.4)**	(0.2)	–	–	(0.2)
Profit before taxation	**50.5**	**(2.5)**	**(16.2)**	**31.8**	33.8	(1.6)	(7.0)	25.2
Taxation	**(12.6)**	**0.6**	**2.5**	**(9.5)**	(8.7)	0.3	0.4	(8.0)
Profit for the year	**37.9**	**(1.9)**	**(13.7)**	**22.3**	25.1	(1.3)	(6.6)	17.2
Attributable to:								
Equity holders of the parent	**35.3**	**(1.9)**	**(13.7)**	**19.7**	25.1	(1.3)	(6.6)	17.2
Non-controlling interests	**2.6**	**–**	**–**	**2.6**	–	–	–	–
Profit for the year	**37.9**	**(1.9)**	**(13.7)**	**22.3**	25.1	(1.3)	(6.6)	17.2
Earnings per share								
Basic	**121.9p**			**68.2p**	134.2p			91.9p
Diluted	**120.5p**			**67.4p**	130.8p			89.6p

Consolidated statement of comprehensive income

for the year ended 31 December

	2015 £m	2014 £m
Profit for the year	**22.3**	17.2
Other comprehensive loss:		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on employee benefit schemes – net of tax	**7.2**	(8.2)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on retranslation of foreign operations	**(20.4)**	1.5
Foreign currency hedge – net of tax	**(1.1)**	(3.4)
Other comprehensive loss	**(14.3)**	(10.1)
Total comprehensive income for the year	**8.0**	7.1
Attributable to:		
Equity holders of the parent	**6.3**	7.1
Non-controlling interests	**1.7**	–
Total comprehensive income for the year	**8.0**	7.1

Consolidated balance sheet
as at 31 December

	2015 £m	2014 £m
Non-current assets		
Property, plant and equipment	**30.8**	7.7
Investment property	**1.2**	0.3
Intangible assets	**263.2**	40.4
Trade and other receivables	**1.1**	0.4
Investments	**1.9**	1.9
Deferred tax asset	**12.5**	15.0
	310.7	65.7
Current assets		
Inventories	**0.9**	1.4
Trade and other receivables	**61.3**	42.7
Income tax receivable	**1.7**	1.5
Investments	**5.7**	25.3
Cash and cash equivalents	**168.4**	152.9
	238.0	223.8
Current liabilities		
Interest-bearing loans and borrowings	**(23.1)**	–
Trade and other payables	**(139.3)**	(102.2)
Income tax payable	**(5.9)**	(2.9)
Provisions	**(0.2)**	(3.0)
	(168.5)	(108.1)
Net current assets	**69.5**	115.7
Non-current liabilities		
Interest-bearing loans and borrowings	**(23.0)**	–
Trade and other payables	**(8.1)**	(1.8)
Employee benefits	**(4.1)**	(10.3)
Deferred tax liability	**(4.1)**	(2.0)
	(39.3)	(14.1)
Net assets	**340.9**	167.3
Capital and reserves		
Share capital	**7.6**	5.2
Other reserves	**194.2**	35.5
Retained earnings	**136.2**	126.6
Equity attributable to shareholders of the parent	**338.0**	167.3
Non-controlling interests	**2.9**	–
Total equity	**340.9**	167.3

Consolidated statement of changes in equity
for the year ended 31 December

	Attributable to equity holders of the parent					
	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2015	**5.2**	**35.5**	**126.6**	**167.3**	**–**	**167.3**
Profit for the year	**–**	**–**	**19.7**	**19.7**	**2.6**	**22.3**
Other comprehensive income/(loss):						
Actuarial gain on employee benefit schemes – net of tax	**–**	**–**	**7.2**	**7.2**	**–**	**7.2**
Foreign exchange differences on retranslation of foreign operations	**–**	**(19.5)**	**–**	**(19.5)**	**(0.9)**	**(20.4)**
Foreign currency hedge – net of tax	**–**	**(1.1)**	**–**	**(1.1)**	**–**	**(1.1)**
Total comprehensive (loss)/income for the year	**–**	**(20.6)**	**26.9**	**6.3**	**1.7**	**8.0**
Transactions with owners:						
Employee share schemes	**–**	**0.6**	**0.3**	**0.9**	**–**	**0.9**
Share issues	**2.4**	**178.7**	**–**	**181.1**	**–**	**181.1**
Tax on other employee benefits	**–**	**–**	**0.7**	**0.7**	**–**	**0.7**
Tax on other items in equity	**–**	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**10.8**	**10.8**
Dividend paid	**–**	**–**	**(18.2)**	**(18.2)**	**(9.6)**	**(27.8)**
	2.4	**179.3**	**(17.3)**	**164.4**	**1.2**	**165.6**
Balance at 31 December 2015	**7.6**	**194.2**	**136.2**	**338.0**	**2.9**	**340.9**

	Attributable to equity holders of the parent			
	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/(loss):				
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 (loss)/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

Consolidated cash flow statement
for the year ended 31 December

	2015 £m	2014 £m
Cash flows from operating activities		
Profit before taxation	**31.8**	25.2
Adjustments for:		
Foreign exchange differences	**(1.9)**	(4.4)
Depreciation of property, plant and equipment	**4.2**	2.9
Depreciation of investment property	**–**	0.1
Share-based payment expense	**1.6**	1.4
Gain on sale of property, plant and equipment	**(0.1)**	–
Loss on sale of investments	**0.3**	–
Amortisation of intangibles	**9.2**	0.1
Impairment of intangibles	**–**	0.2
Impairment of investments	**–**	0.2
Difference between pension contributions paid and amount recognised in the income statement	**(2.3)**	(1.9)
Finance revenue	**(2.5)**	(0.7)
Finance costs	**2.2**	–
Other finance costs – pensions	**0.4**	0.2
Decrease/(increase) in inventories	**0.5**	(0.5)
Decrease in trade and other receivables	**20.8**	6.0
(Decrease)/increase in bonus accrual	**(11.1)**	14.8
(Decrease)/increase in trade and other payables	**(12.5)**	0.8
(Decrease)/increase in provisions	**(2.8)**	1.0
Cash generated from operations	**37.8**	45.4
Income tax paid	**(13.1)**	(7.6)
Net cash flow from operating activities	**24.7**	37.8
Cash flows from investing activities		
Interest received	**0.8**	0.5
Purchase of property, plant and equipment	**(24.4)**	(1.8)
Proceeds from sale of investments	**6.8**	–
Proceeds from sale of property, plant and equipment	**0.3**	0.1
Purchase of investments	**–**	(0.2)
Transfer from/(to) current investments (funds on deposit)	**20.0**	(0.1)
Acquisition of subsidiaries, including settlement of deferred consideration	**(26.5)**	(4.5)
Net cash and cash equivalents acquired on acquisitions	**43.2**	0.5
Dividends received from investments	**1.7**	0.2
Net cash flow from investing activities	**21.9**	(5.3)
Cash flows from financing activities		
Interest paid	**(1.1)**	–
Dividend paid	**(18.2)**	(10.8)
Dividend paid to non-controlling interests	**(1.7)**	–
Repayment of borrowings	**(12.8)**	–
Proceeds from shares issued (net of transaction costs)	**1.2**	30.6
Net cash flow from financing activities	**(32.6)**	19.8
Net increase in cash and cash equivalents	**14.0**	52.3
Cash and cash equivalents at 1 January	**152.9**	96.9
Net foreign exchange differences	**1.5**	3.7
Cash and cash equivalents at 31 December	**168.4**	152.9

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 2014 and 2015, but is derived from those financial statements. Statutory financial statements for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the company's Annual General Meeting. External auditors have reported on the financial statements for 2014 and 2015; 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 and basis of preparation

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 2015 financial statements and have been prepared on a going concern basis.

3 Segmental information

Business segments		**Revenue**		**Results**
	2015 £m	2014 £m	**2015 £m**	2014 £m
Broking	**239.5**	190.2	**49.1**	34.6
Financial	**28.7**	8.7	**1.2**	(1.9)
Support	**26.2**	31.9	**3.3**	4.0
Research	**11.1**	10.4	**3.4**	3.5
	305.5	241.2		
Less: property services revenue arising within the group, included under support	**(3.7)**	(3.3)		
Segment revenue/results	**301.8**	237.9	**57.0**	40.2
Head office costs			**(7.5)**	(6.9)
Operating profit before exceptional items and acquisition costs			**49.5**	33.3
Exceptional items			**(2.5)**	(1.6)
Acquisition costs			**(15.1)**	(7.0)
Operating profit after exceptional items and acquisition costs			**31.9**	24.7
Finance revenue			**2.5**	0.7
Finance costs			**(2.2)**	–
Other finance costs – pensions			**(0.4)**	(0.2)
Profit before taxation			**31.8**	25.2
Taxation			**(9.5)**	(8.0)
Profit for the year			**22.3**	17.2

4 Exceptional items

2015
During 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 lease for the previous head office, St. Magnus House, London expired in December 2015. The additional rent and associated costs in the year were £1.9m for Commodity Quay up to the relocation date, and £0.4m for St. Magnus House after relocation. An onerous lease provision of £0.3m for a property in Singapore was also treated as an exceptional item. Costs associated with the reorganisation of the enlarged group post-acquisition totalling £1.2m were treated as exceptional, as they are non-recurring. The release of the unutilised portion of the dilapidation provision for St. Magnus House of £1.3m has been treated as exceptional other income.

2014
An onerous lease provision of £0.7m for St. Magnus House and the additional rent charge for Commodity Quay of £0.9m were treated as an exceptional item.

5 Acquisition costs

Included in acquisition costs are cash and share-based payment charges of £2.1m (2014: £2.8m) relating to previous acquisitions. These are contingent on employees remaining in service and are therefore spread over the service period. Also included is £0.7m (2014: £nil) relating to the acquisition of the remaining non-controlling interest in Clarksons Platou Tankers AS. The charge consists of cash and share-based payment charges which are linked to future service of the employees and are therefore spread over a four year period.

Also included is £3.1m (2014: £4.1m) of legal and professional fees relating to the Platou and other acquisitions and £9.2m (2014: £0.1m) relating to amortisation of intangibles acquired as part of the Platou and other prior acquisitions. Interest on the loan notes issued as part of the Platou acquisition totalled £1.1m (2014: £nil).

6 Taxation

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

	2015 £m	2014 £m
Profit at UK average standard rate of corporation tax of 20.25% (2014: 21.49%)	**6.4**	5.4
Expenses not deductible for tax purposes	**2.8**	2.5
Other adjustments	**0.3**	0.1
Total tax charge in the income statement	**9.5**	8.0

7 Earnings per share

Basic earnings per share amounts are calculated by dividing 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 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, 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:

	2015 £m	2014 £m
Profit for the year attributable to ordinary equity holders of the parent	**19.7**	17.2

	2015 Millions	2014 Millions
Weighted average number of ordinary shares	**29.0**	18.7
Diluted weighted average number of ordinary shares	**29.3**	19.2

8 Dividends

The board is recommending a final dividend of 40p (2014: 39p), giving a total dividend of 62p (2014: 60p). This final dividend will be payable on 3 June 2016 to shareholders on the register at the close of business on 20 May 2016, subject to shareholder approval.

9 Business combinations

2015

On 2 February 2015, Clarkson PLC acquired 100% of the share capital of RS Platou ASA (Platou), which subsequently changed its name to Clarksons Platou AS.

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 and shipbroking (included within the broking segment) and investment banking and project finance (included within the financial segment), which are complemented by a variety of research capabilities.

The acquisition complements the group's strategy to expand its geographical reach and broaden its offshore and project finance services to existing and new customers. The goodwill of £232.6m represents the acquired workforce, as well as the potential new customer relationships and revenue expected to be brought in by experienced brokers and senior management team members. It also represents the potential to achieve improved commercial competitiveness and operational efficiency in the long-term. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of the consideration was £249.9m, of which £23.5m was paid in cash, £179.9m being the fair value of ordinary shares issued (based on the Clarkson PLC share price on the acquisition date) and £46.5m comprised loan notes.

Under IFRS, the share price as at the acquisition date is applied to record the relevant proportion of the investment in Platou. The provisions of merger relief under the Companies Act 2006 are applicable in relation to the shares issued as consideration such that no share premium is recorded, instead an equivalent merger reserve is recorded, as required under IFRS and permitted by the Companies Act 2006.

The total consideration of £249.9m varies from the £281.2m stated in the circular dated 27 November 2014. The proposed fixed number of shares to be issued was initially determined based on a share price of £22.15. On acquisition, the shares were issued at the closing market price of £18.90.

The following table summarises the consideration paid, the fair value of the assets acquired and the liabilities assumed relating to the acquisition of Platou:

Recognised amounts of identifiable assets acquired and liabilities assumed:	**£m**
Intangible assets	***21.9**
Property, plant and equipment	**3.4**
Investment property	**0.9**
Deferred tax	**1.8**
Investments	**7.4**
Trade and other receivables	**46.2**
Cash and cash equivalents	**54.0**
Total assets	**135.6**
Interest-bearing loans and borrowings – bank overdraft	**(10.8)**
Interest-bearing loans and borrowings – bank loan	**(12.0)**
Trade and other payables	**(67.7)**
Income tax payable	**(7.4)**
Employee benefits	**(4.7)**
Deferred tax liability	***(4.9)**
Total liabilities	**(107.5)**
Total identifiable net assets	**28.1**
Non-controlling interests' share of identifiable assets and liabilities	**(10.8)**
Goodwill	**232.6**
Total consideration	**249.9**

** Fair value adjustment made on acquisition.*

Intangible assets comprise customer relationships, forward order book and trade name identified on acquisition. The valuation of these was performed by third party valuers.

Net cash acquired was £43.2m, being the cash and cash equivalents of £54.0m and overdraft of £10.8m, included in interest-bearing loans and borrowings.

2014
In 2014, Clarkson Port Services acquired 100% of the share capital of Michael F. Ewings (Shipping) Ltd. On the acquisition date, net assets of £1.0m were acquired for a cash consideration of £1.4m. Additional cash sums up to £1.1m are also payable within three years. The elements which are subject to performance and service conditions will be charged to the consolidated income statement over the service period. The resulting goodwill amounted to £0.4m.

10 Intangible assets

Included within intangible assets is £211.3m of goodwill and £11.5m of other intangible assets arising as a result of the Platou acquisition.

Goodwill and other intangible assets arising on the acquisition of a foreign operation are treated as assets of the foreign operation and translated at the closing rate. This has resulted in a reduction in value of £22.5m in the year. Amortisation of other intangible assets amounted to £9.2m in the year.

11 Current investments

Included within current investments are £5.4m of deposits (2014: £25.3m) with a maturity of 95 days. These deposits are held with an A-rated financial institution.

12 Cash and cash equivalents

	2015 £m	2014 £m
Cash at bank and in hand	**161.3**	150.8
Short-term deposits	**7.1**	2.1
	168.4	152.9

Net funds, after deduction of accrued bonus entitlements, but including short-term investments, amounted to £91.6m (2014: £92.3m after deducting £23.5m payable in relation to cash consideration on the Platou acquisition).

13 Interest-bearing loans and borrowings

Included within interest-bearing loans and borrowings is £46.1m of loan notes relating to the Platou acquisition. Interest is charged at 12 month LIBOR plus a margin of 1.25%. The loan notes are repayable on 30 June 2016 and 30 June 2017.

14 Employee benefits

The group operates three defined benefit pension schemes being the Clarkson PLC scheme, the Plowrights scheme and the Stewarts scheme.

As at 31 December 2015 the combined schemes had a deficit of £4.1m (2014: £10.3m), including a minimum funding requirement of £1.4m on the Plowrights scheme (2014: £nil). This amount is included in full on the balance sheet as a non-current liability; the company has recognised deferred tax on this deficit amounting to £0.7m (2014: £2.1m). The market value of the assets was £170.1m (2014: £163.0m) and independent actuaries have assessed the present value of funded obligations at £172.8m (2014: £173.3m).

15 Share capital and reserves

	2015 Million	2014 Million	**2015 £m**	2014 £m
Ordinary shares of 25p each	**30.2**	20.6	**7.6**	5.2

On the acquisition of Platou, the company issued 9,518,369 shares at a nominal value of £2.4m, refer to note 9.

16 Contingencies

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