

The image features a background of wavy, horizontal stripes in shades of blue and white. A large, stylized red shape, resembling a letter 'C' or a similar abstract form, is positioned on the left side, overlapping the stripes. The text 'Clarkson PLC' is printed in white, bold, sans-serif font in the upper right quadrant.

Clarkson PLC

Interim Report 2012

Reach

With 35 offices in 15 countries we provide local delivery of our global expertise. We now employ more brokers outside than inside the UK and last year we celebrated 30 years of our local presence in the Asian market.



Breadth

The comprehensive range of our offer enables us to deliver what customers want. We are a leader in all our markets – recognised with awards such as Best Maritime Service Provider – and continue to grow market share.



Depth

Our world-leading market research underpins our business. From long established expertise, with Shipping Intelligence Weekly marking its 20th anniversary last year, to new initiatives, such as our offshore research business, we offer an unrivalled depth of knowledge.



Strength

The world class skill and talent of our people is at the core of our offer. Our 938 employees have unrivalled experience and capability and we continue to invest in further strengthening Team Clarksons.



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Chairman's review

“Faced with hugely demanding trading conditions, Clarksons has delivered an industry-leading performance in the first half of 2012.”



In the face of hugely demanding trading conditions, which have affected the whole maritime market, Clarksons has delivered an industry-leading performance in the first half of 2012.

The impact of the macroeconomic slowdown and weakening freight rates, with the ClarkSea Index nearing a 15-year low in February, have created an extremely testing environment. While not immune from these conditions, Clarksons' traditional strengths of exemplary service, world-class research and a geographical and divisional spread of operations are highly prized by clients.

Due to these qualities and through the dedication and skills of our people, who are at the core of our performance, we have continued to grow market share.

Confidence in our strategy and our ability to continue to attract the most talented people leaves us well positioned to meet these challenges and deliver future growth.

Bob Benton Chairman

21 August 2012

Chief executive's review

“Our ongoing investment in people and platforms, plus a solid balance sheet, continue to give us real competitive advantage.”



Difficult markets have inevitably impacted our business and our profits in the first half, but we have drawn on our considerable strengths to deliver good results in challenging times.

To achieve these results, against a backdrop of continuing supply/demand imbalance in shipping exacerbated by wider economic uncertainty, is testament to the hard work of Team Clarksons and I would like to thank all our colleagues for their crucial contribution during the period.

Average vessel earnings in the first six months of 2012, as measured by the ClarkSea Index, were 23% lower than the same period in 2011. Average asset values have also fallen 20% year-on-year, or 60% from pre-2008 peaks. These factors have combined to provide both stresses and opportunities for our clients within the maritime markets, although the limited availability of debt, as various European banks capped, closed or exited their shipping book, has severely restricted overall market activity.

Nevertheless, our broking division remains robust. Transaction volumes across the division have increased year-on-year, with many desks showing double-digit growth. Overall the group has continued to grow its market share and client list. Despite growth in volumes, the results of our dry cargo and container teams have been especially challenged by freight rates, although this has, to some extent, been offset by the encouraging performances of gas, specialised products and tankers, underlining the strength in breadth of our offer. The prevalence of spot markets remains, with little period activity due to market sentiment.

Clarksons' unrivalled research operation continues to do well, driving profitability through new products such as the expansion of our offshore range and strong growth in digital products. Support, which is mainly port and agency activities, has delivered encouraging results and the acquisition of EnShip, which included Opex Industrial Supplies, has proved highly successful.

The freight futures market has suffered the combined effects of low rates, reduced volatility and significantly lower volumes. As fewer brokers now serve this market, we have grown market share and believe that strategically futures broking is an important service for us to offer our customers, however we do not anticipate a marked recovery in the near future.

Clarkson Capital Markets, our investment services team, remains a key part of our strategy. However, we are not immune to the global downturn in demand in this sector and have focused our operations in the US and UK, significantly downsizing our Dubai operation. Our US equity broking and analyst teams have only recently reached full strength, signing a number of significant clients and commencing revenue generation since the end of the period.

Whilst we cannot influence the macroeconomic picture, we continue to be intensely focused on those areas within our control such as providing a comprehensive offer to clients with best in class service and delivering our strategy with an appropriate cost base. Our cash position remains healthy and the strength of our balance sheet provides comfort and flexibility in uncertain markets.

Results

Clarksons delivered revenues of £88.0m in the first six months of 2012 (2011: £88.6m). Administrative expenses increased by 1.8% to £75.0m (2011: £73.7m) predominantly reflecting the continued investment in people to strengthen teams, extend product coverage and broaden our global base. Underlying profit before taxation was £11.0m (2011: £13.5m), which after acquisition costs flagged at the year-end (£0.8m) and the exceptional income item (£4.5m) turned into a reported £14.7m (2011: £13.5m). Further details on the acquisition costs and the exceptional item are set out in notes 4 and 5 to the interim financial statements. Increased profits arising within higher tax paying jurisdictions, together with currently unrelieved losses within several of our business lines has meant that the estimated tax rate for the year is 32.0% (2011: 29.1%). Basic reported earnings per share was 54.0p (2011: 52.6p).

Underlying earnings per share, before acquisition costs and the exceptional item, was 39.8p (2011: 52.6p).

Cash and dividends

Cash balances at 30 June 2012 were £81.4m (31 December 2011: £132.9m) with a further £20.0m (31 December 2011: £nil) in short-term investments, being 95 day notice deposits at UK banks. Net funds, after deduction of bonus entitlements, but including short-term investments amount to £76.4m (31 December 2011: £71.1m).

The board has declared an interim dividend of 18p per share (2011: 18p per share) which will be paid on 28 September 2012 to shareholders on the register at the close of business on 14 September 2012.

Broking

Revenue £73.2m (2011: £74.1m)

Result £12.7m (2011: £14.6m)

The broking division has grown market share in extremely challenging conditions.

Dry bulk

Daily earnings of the fleet have continued to decline as was expected at this point in the market cycle, where high net fleet growth of 7.5% exceeded the steady year-on-year growth in bulk demand, currently anticipated for 2012 at 4.8%.

Whilst the trend towards spot fixing continues, Clarksons' dry bulk team has carried on growing market share in spot, period time charter and contract of affreightment (COA) business. We are able to capture opportunities where our global reach creates the greatest value for our clients, leaving us well positioned to benefit from the trend towards consolidation amongst dry cargo participants and the increased migration of chartering activity and decision-making to Asia.

Containers

The market mood in 2012 is one of realism, as recovery in the sector has to date failed to materialise. The relentless delivery of newbuilds at the top end of the post-panamax fleet has driven supply consistently ahead of what would, in most shipping sectors, be an acceptable 6% annual demand growth.

Time charter rates for 5,000 teu and below have been under constant pressure, which looks set to continue for the remainder of 2012, whilst post-panamax tonnage of 6,000 teu and above recorded more acceptable levels, closer to longer term averages, albeit that activity was minimal. Nevertheless, the order book is now much reduced, meaning that the fleet will probably

be insufficient to satisfy demand within the next two to three years. With new designs offering significant fuel economies there is also pressure to replace existing tonnage driven by the imperative to reduce operating costs.

Clarksons has significantly increased market share and transaction volumes by enhancing the team over the last six months in expectation that this sector will be the first to show recovery.

Deep sea

Although crude rates were higher in the first half of 2012, the deep sea market remains very challenging.

In the VLCC sector, the largest crude oil carrier, earnings for owners were up 39%, suezmax improved 10% and aframaxes were 13% ahead. Unfortunately, the gains seen in the crude sector were offset by a decline in the refined petroleum products market where the largest vessels, known as LR2, saw a 49% reduction in earnings for owners and the smaller MR vessels fell 19%.

Our deep sea teams globally continue to fix very high transaction volumes, as best in class in the industry. Facing what appears to be an even more challenging second half, our investment in research, analysis and IT provide real benefits to clients and leave us well placed to meet the challenge.

Specialised products

Whereas overcapacity of tonnage dominated the specialised product landscape in recent times, newbuilding activity in the sector has been scarce in 2012 particularly in the sophisticated segment, noted for its high entry cost and construction challenges. This, together with the scrapping of older tonnage no longer viable for the trade due to a variety of vetting and design reasons, means that we enter the third quarter of 2012 with the order book at its lowest point for several years.

However, the persistence of general global economic uncertainty together with China's cooling economy has impacted demand within the sector. Whilst some respite has been afforded by the contractual nature of the specialised products business, there has been a degree of seasonality taking hold over recent months, negatively impacting freight and volumes on a number of our arterial trade routes.

In light of this, certain owners have sought to reduce their direct exposure, often creating a more diverse offering by entering into alternative markets and a number of stronger owners have absorbed tonnage from those less fortunate.

Chief executive's review continued

The strategic shifts within the Middle East markets, together with new capacity created on the back of shale gas opportunities, should act as an encouraging tailwind to the varied specialised products markets which are expected to exceed the growth of the overall global economy as we move towards 2013.

The growth and strengthening of the Clarksons specialised products team has continued to deliver increased market share and an unrivalled service to our global customers.

Gas

Large cargo LPG rates remained depressed during the first quarter, but made a significant turnaround in May helped by a marked increase in spot stem sales out of the Middle East. This increase has been sustained, making both shipping and commodity brokerage more liquid. The smaller refrigerated segments, generally more stable and healthy, were also positively influenced by the upturn in large ship rates and saw time charter earnings appreciate considerably both for LPG and ammonia trades.

LNG has enjoyed strong rates and growth and Clarksons is well placed to benefit given our strength in the newbuilding and finance sectors.

The petrochemical gases and small LPG markets have generally softened as the year has progressed with spot freight levels succumbing to downward pressure and the largest reductions seen on the European coastal LPG market. This weakness partly reflects low global consumer confidence, leading to reduced demand, lower product prices and as a result producers cutting cracker levels.

Clarksons' gas teams – reinforced with new hires, trainee development and expansion into overseas offices – continued to evolve their brokerage capabilities in response to market changes, providing a comprehensive range of services with an emphasis on strong operational and analytical support.

Sale and purchase Secondhand

Given the twin restraints of a dearth of traditional bank finance and a continued decline in freight rates throughout most sectors, it is with some pride we can report a reasonable flow of business in the first half of 2012. Values have now started to correct themselves fairly dramatically which should tempt buyers to return to the market on a speculative basis either using their own cash or alternative sources of finance such as private equity, which we have seen more of in recent months.

Offshore

An expected improvement in global offshore supply vessel (OSV) rates failed to materialise as supply into the market remained strong. However, certain sectors, such as subsea construction and rigs have continued to tighten and we have taken advantage of this by adding both further newbuilds to an already impressive forward order book and a number of long-term subsea charters concluded in the first half.

Newbuilding

Yards have continued to find it difficult to fill order books in the first half as owners have mainly stayed away due to the problems of finding finance and the perception of oversupply in many of the larger fleet sectors. More encouragingly, certain sectors of the market, such as LPG and the products market, have seen ordering in the first half of the year and we have taken advantage of our global position in these markets to successfully conclude deals.

Financial

Revenue £2.7m (2011: £4.7m)

Result £4.8m loss (2011: £2.5m loss)

Futures broking

The largest part of our activity, dry cargo freight swaps, was hit by deterioration in market volumes and a reduction in the notional value of the trades conducted. Nevertheless, we managed to maintain market share across futures broking, and grow our options broking volumes significantly through the reallocation of staff and recruitment.

In the year to date average daily rates are lower across the board with volumes running at about half the levels of 2011 and a far cry from the highs of 2008.

Container futures broking has grown at a slow rate, but we remain the preeminent player in the market and new indices due in the next few months should bolster our activities. Volumes and market share in iron ore have also grown.

Financial services

The environment in the first half of 2012 remained challenging, reflecting the ongoing global economic crisis with the volume of shipping finance deals across the industry in the period the lowest since 2004.

The 76 deals reported by Dealogic in the first six months of 2012 totalled US\$15.05bn – including a single US\$1.19bn restructuring deal – compared with 120 shipping deals totalling US\$35.28bn in the first half of 2011 and 174 deals worth US\$50.34bn at the top end of the market in the first half of 2008.

There has also been a substantial fall in the number of financing institutions involved in shipping, but against this backdrop Clarksons continues to provide innovative solutions for our clients and is working on a number of mandates which, subject to market conditions, are expected to come to fruition in the second half of 2012.

Investment services

The first half of this year continued to suffer from highly volatile markets with the combination of a declining oil price and the increased financial turbulence in Europe having a negative impact on global capital markets in general and oil service and shipping stocks in particular.

We were able to conclude two small financial advisory assignments for Middle Eastern private equity clients and a co-manager role for the follow-on offering for Tsakos Energy Navigation in the US public markets. However, the ongoing deferral of a large scale transaction in the first six months, due to adverse changes in market conditions, had a material impact on our results.

Across the territories we have expanded our capabilities. In the US we have completed the build-out of equity sales, research and broking and developed our master limited partnership and structured yield security operation. We have received enthusiastic feedback from clients on these initiatives and have a strong pipeline of mandates for the rest of the year.

Support

Revenue £7.5m (2011: £6.0m)

Result £2.1m (2011: £1.1m)

Clarkson Port Services has experienced an exciting start to 2012. The first six months following acquisition have produced impressive revenues and profits for both EnShip and Opex, integrating well within the group, and providing further support to our customer base particularly within the offshore industry.

Our agency operation has seen double-digit revenue growth from existing offices and our footprint and ability to service clients has been enhanced by the opening of Newcastle at the end of 2011, Hull from April 2012 and the forwarding operation in Great Yarmouth in June 2012. The stevedoring business saw lower export volumes, but higher imports and is well set for the traditionally stronger second half.

Overall the team is now very strong, and the businesses are integrating well.

Research

Revenue £4.6m (2011: £3.8m)

Result £1.4m (2011: £0.9m)

Clarkson Research Services grew underlying revenue by 13% during the first half, supported by continued demand for our market-leading shipping products, strong growth of offshore related sales and a good performance by our service contract and valuation business.

Despite the difficult market, sales of Shipping Intelligence Network, our flagship commercial database, helped maintain robust growth in digital sales. In particular, sales of the World Fleet Register, our leading online vessel register, grew significantly in the first half. Offshore sales, excluding advertising, grew by 20% benefiting from the continued expansion of our offshore product range and increased data sales to corporate and government clients. Our offshore database now offers our clients comprehensive access to market intelligence on structures and companies, oil and gas fields, global Geographical Information System (GIS) coverage and wide ranging commercial data. 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.

Clarkson Valuations Ltd remains the leading provider of valuation services to the industry.

Current trading

The global economic slowdown and political uncertainty overshadow our industry, rates remain under pressure and the supply/demand imbalance continues to be a major factor as more ships are delivered to market. Overall activity in the capital markets remains low and availability of debt for clients is increasingly challenging.

Clarksons has shown immense resilience in the face of this tough environment due to the soundness of our business model, our geographical reach, our comprehensive offer to customers, the spread of our services and our talented people.

These strengths are supported by a robust cash position and a solid balance sheet giving us real competitive advantage as we face the second half of the year.

Andi Case Chief executive

21 August 2012

Directors' responsibility statement

The directors confirm that to the best of their knowledge:

- the interim financial statements (unaudited) have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union; and
- the Interim Management Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules of the Financial Services Authority, being an indication of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules of the Financial Services Authority, being related party

transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the group during that period, and any changes in the related party transactions described in the annual report for the year ended 31 December 2011.

The directors are responsible for the maintenance and integrity of the Interim Report on the website in accordance with UK legislation governing the preparation and dissemination of financial statements. Access to the website is available from outside the UK, where comparable legislation may be different.

Bob Benton Chairman

Andi Case Chief executive

James Morley Non-executive director

Ed Warner Non-executive director

Jeff Woyda Finance director

Independent review report to Clarkson PLC

Introduction

We have been engaged by the company to review the condensed consolidated set of financial statements in the interim report for the six months ended 30 June 2012, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated set of financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or

to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP Chartered Accountants

London

21 August 2012

Consolidated income statement

For the half year to 30 June

		2012				2011
	Notes	Before exceptional item and acquisition costs £m*	Exceptional item (note 4) £m*	Acquisition costs (note 5) £m*	After exceptional item and acquisition costs £m*	£m*
Revenue	3	88.0	–	–	88.0	88.6
Cost of sales		(2.8)	–	–	(2.8)	(2.2)
Trading profit		85.2	–	–	85.2	86.4
Other income	4	–	4.5	–	4.5	–
Administrative expenses		(75.0)	–	(0.8)	(75.8)	(73.7)
Operating profit	3	10.2	4.5	(0.8)	13.9	12.7
Finance revenue		0.7	–	–	0.7	0.5
Finance costs		–	–	–	–	(0.2)
Other net finance revenue – pensions		0.1	–	–	0.1	0.5
Profit before taxation		11.0	4.5	(0.8)	14.7	13.5
Taxation	6	(3.7)	(1.1)	0.1	(4.7)	(3.7)
Profit for the period		7.3	3.4	(0.7)	10.0	9.8
Attributable to:						
Equity holders of the parent		7.3	3.4	(0.7)	10.0	9.8
Earnings per share						
Basic	7	39.8p			54.0p	52.6p
Diluted	7	39.4p			53.5p	52.3p

*Unaudited

Consolidated statement of comprehensive income

For the half year to 30 June

	2012	2011
	£m*	£m*
Profit for the period	10.0	9.8
Actuarial loss on employee benefit schemes – net of tax	(4.2)	(1.8)
Foreign exchange differences on retranslation of foreign operations	(0.5)	(0.7)
Foreign currency hedge – net of tax	0.6	0.8
Total comprehensive income for the period	5.9	8.1
Attributable to:		
Equity holders of the parent	5.9	8.1

*Unaudited

Consolidated balance sheet

As at 30 June

	Notes	2012 £m*	2011 £m*	31 December 2011 £m†
Non-current assets				
Property, plant and equipment		8.3	8.8	8.4
Investment property		0.4	0.4	0.4
Intangible assets		39.9	32.6	40.3
Trade and other receivables		0.6	0.5	0.4
Investments		1.9	1.9	1.9
Employee benefits	9	–	1.9	–
Deferred tax asset		14.0	12.9	12.1
		65.1	59.0	63.5
Current assets				
Trade and other receivables		33.0	33.1	37.5
Income tax receivable		0.2	0.5	0.6
Short-term investments	10	20.0	–	–
Cash and cash equivalents	11	81.4	101.3	132.9
		134.6	134.9	171.0
Current liabilities				
Trade and other payables		(56.2)	(60.2)	(95.5)
Income tax payable		(4.1)	(4.9)	(4.2)
Provisions		–	(0.3)	(0.2)
		(60.3)	(65.4)	(99.9)
Net current assets				
		74.3	69.5	71.1
Non-current liabilities				
Trade and other payables		(1.3)	(1.2)	(1.2)
Provisions		(1.7)	(1.5)	(1.6)
Employee benefits	9	(11.1)	(2.8)	(6.6)
Deferred tax liability		(2.0)	(2.3)	(1.9)
		(16.1)	(7.8)	(11.3)
Net assets				
		123.3	120.7	123.3
Capital and reserves				
Share capital	12	4.7	4.7	4.7
Other reserves		37.4	40.5	37.5
Retained earnings		81.2	75.5	81.1
Clarkson PLC group shareholders' equity				
		123.3	120.7	123.3

*Unaudited

†Audited

Consolidated statement of changes in equity

	Notes	Attributable to equity holders of the parent			
		Share capital £m*	Other reserves £m*	Retained earnings £m*	Total equity £m*
Balance at 1 January 2012		4.7	37.5	81.1	123.3
Profit for the period		–	–	10.0	10.0
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax		–	–	(4.2)	(4.2)
Foreign exchange differences on retranslation of foreign operations		–	(0.5)	–	(0.5)
Foreign currency hedge – net of tax		–	0.6	–	0.6
Total comprehensive income for the period		–	0.1	5.8	5.9
Transactions with owners:					
Net ESOP shares acquired		–	(0.4)	–	(0.4)
Share-based payments		–	0.2	–	0.2
Tax on other employee benefits		–	–	0.3	0.3
Dividend paid	8	–	–	(6.0)	(6.0)
		–	(0.2)	(5.7)	(5.9)
Balance at 30 June 2012		4.7	37.4	81.2	123.3

	Notes	Attributable to equity holders of the parent			
		Share capital £m*	Other reserves £m*	Retained earnings £m*	Total equity £m*
Balance at 1 January 2011		4.7	40.0	71.7	116.4
Profit for the period		–	–	9.8	9.8
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax		–	–	(1.8)	(1.8)
Foreign exchange differences on retranslation of foreign operations		–	(0.7)	–	(0.7)
Foreign currency hedge – net of tax		–	0.8	–	0.8
Total comprehensive income for the period		–	0.1	8.0	8.1
Transactions with owners:					
Net ESOP shares acquired		–	(0.3)	–	(0.3)
Profit on ESOP shares		–	–	1.1	1.1
Share-based payments		–	0.7	–	0.7
Tax on other employee benefits		–	–	0.4	0.4
Dividend paid	8	–	–	(5.7)	(5.7)
		–	0.4	(4.2)	(3.8)
Balance at 30 June 2011		4.7	40.5	75.5	120.7

*Unaudited

Consolidated cash flow statement

For the half year to 30 June

	Notes	2012 £m*	2011 £m*
Cash flows from operating activities			
Profit before taxation		14.7	13.5
Adjustments for:			
Foreign exchange differences		–	(0.3)
Depreciation of property, plant and equipment		1.1	1.1
Share-based payment expense		1.0	0.7
Amortisation and impairment of intangibles		0.2	–
Difference between pension contributions paid and amount recognised in the income statement		(1.0)	(1.8)
Finance revenue		(0.7)	(0.5)
Finance costs		–	0.2
Other net finance revenue – pensions		(0.1)	(0.5)
Decrease/(increase) in trade and other receivables		4.8	(3.7)
Decrease in bonus accrual		(36.3)	(38.6)
(Decrease)/increase in trade and other payables		(1.9)	0.4
(Decrease)/increase in provisions		(0.1)	0.1
Cash utilised from operations		(18.3)	(29.4)
Income tax paid		(4.7)	(4.9)
Net cash flow from operating activities		(23.0)	(34.3)
Cash flows from investing activities			
Interest received		0.2	0.2
Purchase of property, plant and equipment		(1.1)	(1.3)
Proceeds from sale of investments		–	10.7
Proceeds from sale of property, plant and equipment		–	0.1
Transfer to short-term investments	10	(20.0)	–
Acquisition of subsidiaries, including deferred consideration		(0.4)	–
Dividends received from investments		0.5	0.3
Net cash flow from investing activities		(20.8)	10.0
Cash flows from financing activities			
Interest paid		–	(0.2)
Dividend paid	8	(6.0)	(5.7)
Repayments of borrowings		–	(43.6)
ESOP shares acquired		(1.1)	–
Net cash flow from financing activities		(7.1)	(49.5)
Net decrease in cash and cash equivalents		(50.9)	(73.8)
Cash and cash equivalents at 1 January	11	132.9	176.3
Net foreign exchange differences		(0.6)	(1.2)
Cash and cash equivalents at 30 June	11	81.4	101.3

*Unaudited

Notes to the interim financial statements

1 Corporate information

The interim consolidated financial statements of the group for the period ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 21 August 2012. Clarkson PLC is a Public Limited Company listed on the London Stock Exchange, registered in England and Wales and domiciled in the UK.

The interim consolidated financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006, and should be read in conjunction with the 2011 annual financial statements. The statutory audited accounts for the year ended 31 December 2011 have been delivered to the Registrar of Companies in England and Wales. The Auditors' report on those accounts was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

Copies of the interim financial statements have been circulated to all shareholders and are available from the registered office of the company at St. Magnus House, 3 Lower Thames Street, London EC3R 6HE and also on www.clarksons.com.

2 Statement of accounting policies

2.1 Basis of preparation

The interim consolidated financial statements of the group for the period ended 30 June 2012 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 Interim Financial Reporting as adopted by the European Union.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements for the year ended 31 December 2011, which were prepared in accordance with IFRSs as adopted by the European Union.

The directors are satisfied that, at the time of approving the consolidated interim financial information, it is appropriate to continue to adopt a going concern basis of accounting.

The interim consolidation income statement is shown in columnar format to assist with understanding the group's results by presenting profit for the period before acquisition costs and exceptional items. The column 'acquisition costs' includes the amortisation of intangible assets and the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on previous acquisitions. Items which are non-recurring in nature and considered to be material in size are shown as 'exceptional items'.

2.2 Accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2011.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profit or loss.

As at the date of authorisation of these financial statements, the following standards were in issue but not yet effective. The group has not applied these standards in the preparation of the financial statements.

- IFRS 13, 'Fair value measurement' – applicable for periods beginning after 1 January 2013 subject to EU endorsement. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.
- IAS 19, 'Employee benefits' – applicable for periods beginning on or after 1 January 2013. The impact on the group will be to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/(asset). The group has assessed the impact on the results to be immaterial.

Other standards and interpretations in issue but not yet effective as at the date of authorisation of these financial statements are deemed not to have a material impact on the results or net assets of the group.

2.3 Seasonality

The group's activities are not subject to significant seasonal variation.

Notes to the interim financial statements continued

3 Segmental information

For the half year to 30 June

	Revenue		Results	
	2012 £m	2011 £m	2012 £m	2011 £m
Broking	73.2	74.1	12.7	14.6
Financial	2.7	4.7	(4.8)	(2.5)
Support	9.1	7.7	2.1	1.1
Research	4.6	3.8	1.4	0.9
	89.6	90.3		
Less property services revenue arising within the group, included under Support	(1.6)	(1.7)		
Segment revenue/results	88.0	88.6	11.4	14.1
Head office costs			(1.2)	(1.4)
Operating profit before exceptional item and acquisition costs			10.2	12.7
Exceptional item			4.5	–
Acquisition costs			(0.8)	–
Operating profit after exceptional item and acquisition costs			13.9	12.7
Finance revenue			0.7	0.5
Finance costs			–	(0.2)
Other net finance revenue – pensions			0.1	0.5
Profit before taxation			14.7	13.5
Taxation			(4.7)	(3.7)
Profit for the period			10.0	9.8

4 Exceptional item

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

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

There were no exceptional items in the period ended 30 June 2011.

5 Acquisition costs

Included in acquisition costs are cash and share-based payment charges of £0.6m relating to acquisitions made in 2011. These are contingent on employees remaining in service and are therefore spread over the service period.

Also included is £0.2m relating to amortisation of intangibles acquired as part of the above acquisitions.

6 Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate, excluding the exceptional item and acquisition costs, used for the year to 31 December 2012 is 33.1% (the estimated tax rate for the six months ended 30 June 2011 was 27.7%).

7 Earnings per share

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

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 period, 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:

	Half year to 30 June 2012 £m	Half year to 30 June 2011 £m
Earnings	10.0	9.8
	2012 Million	2011 Million
Weighted average number of ordinary shares	18.6	18.5
Dilutive effect of performance share awards and share options	0.2	0.1
Diluted weighted average number of ordinary shares	18.8	18.6

8 Dividends

For the half year to 30 June

	2012 £m	2011 £m
Declared and paid during the period:		
Final dividend for 2011 of 32p per share (2010: 30p per share)	6.0	5.7
Payable (not recognised as a liability at period end):		
Interim dividend for 2012 of 18p per share (2011: 18p per share)	3.4	3.4

Notes to the interim financial statements continued

9 Employee benefits

The group operates two defined benefit pension schemes being the Clarkson PLC scheme and the Plowrights scheme.

As at 30 June 2012 the Clarkson PLC scheme had a deficit of £8.9m (31 December 2011: £4.1m). 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 £2.1m (31 December 2011: £1.0m). The market value of the assets was £107.3m (31 December 2011: £107.5m) and independent actuaries have assessed the present value of funded obligations at £116.2m (31 December 2011: £111.6m).

Also as at 30 June 2012 the Plowrights scheme had a deficit of £0.3m (31 December 2011: £1.1m surplus). The 2011 surplus was not recognised on the balance sheet as the scheme has no active members and the principal employer does not have an unconditional right to a refund.

Triennial valuations for both schemes were prepared based on the position as at 31 March 2010. This resulted in a minimum funding requirement on the Plowrights scheme. The excess of the minimum funding requirement over the deficit of £1.9m (31 December 2011: £2.5m) has been recognised as a non-current liability on the balance sheet. Deferred tax of £0.5m (31 December 2011: £0.6m) has been recognised on this liability.

10 Short-term investments

During the period the group placed £20.0m into deposits with a maturity of 95 days.

11 Cash and cash equivalents

	30 June 2012 £m	30 June 2011 £m	31 December 2011 £m
Cash at bank and in hand	51.2	98.3	117.9
Short-term deposits	30.2	3.0	15.0
	81.4	101.3	132.9

Net funds, after deduction of accrued bonus entitlements, but including short-term investments amount to £76.4m (31 December 2011: £71.1m).

12 Share capital

	30 June 2012 Million	30 June 2011 Million	31 December 2011 Million	30 June 2012 £m	30 June 2011 £m	31 December 2011 £m
Allotted, issued and fully paid						
Ordinary shares of 25p each:						
At start and end of period	19.0	19.0	19.0	4.7	4.7	4.7

13 Contingencies

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

14 Principal risks and uncertainties

The directors consider that the nature of the principal risks and uncertainties which may have a material effect on the group's performance in the second half of the year is unchanged from those identified in the risk management section of the annual report 2011 on page 23. These include credit risk, in the form of non-payment of invoices; liquidity risk arising from funding requirements; foreign exchange risk from fluctuations in the US dollar to sterling exchange rate; exposures to interest rate movements; reputational risk; and operational risk giving rise to losses from people, systems, external influences or failed processes.

15 Related party disclosures

The group's significant related parties are as disclosed in the Clarkson PLC annual report for the year ended 31 December 2011. There were no material differences in related parties or related party transactions in the period ended 30 June 2012.

Principal trading offices

United Kingdom

London

Registered office
Clarkson PLC
St. Magnus House
3 Lower Thames Street
London
EC3R 6HE
United Kingdom
Registered number: 1190238

Contact: Andi Case
Tel: +44 20 7334 0000
www.clarksons.com

Ipswich

Maritime House
19a St. Helens Street
Ipswich
IP4 1HE
United Kingdom

Contact: David Rumsey
Tel: +44 1473 297321

Ledbury

15 The Homend
Ledbury
Herefordshire
HR8 1BN
United Kingdom

Contact: Shaun Sturge
Tel: +44 1531 634 561

Aberdeen

56–58 Bon Accord Street
Aberdeen
Aberdeenshire
AB11 6EL
United Kingdom

Contact: Kathy Gay
Tel: +44 1224 576 900

70 St Clement Street
Aberdeen
Aberdeenshire
AB11 5BD
United Kingdom

Contact: Donald Grant
Tel: +44 1224 211 500

Australia

Brisbane

PO Box 2592
Wellington Point
Brisbane
QLD 4160
Australia

Contact: John Coburn
Tel: +61 7 3822 4660

Melbourne

Level 12
636 St Kilda Road
Melbourne
VIC 3004
Australia

Contact: Ronny Kilian/Murray Swan
Tel: +61 3 9867 6800

Perth

Level 10
16 St Georges Terrace
Perth
WA 6000
Australia

Contact: Mark Rowland
Tel: +61 8 6210 8700

Sydney

12th Floor
157 Walker Street
North Sydney
NSW 2060
Australia

Contact: Peter Cookson
Tel: +61 2 9954 0200

China

Hong Kong

1706–1716 Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Contact: Martin Rowe
Tel: + 852 2866 3111

Shanghai

Room 2603–2605
Wheelock Square
Shanghai
China
200040

Contact: Cheng Yu Wang
Tel: +86 21 6103 0100

Germany

Johannisbollwerk 20, 5. fl
Hamburg
20459
Germany

Contact: Jan Aldag
Tel: +49 40 3197 66 110

Greece

62 Kiffissias Avenue
15125 Marousi
Greece

Contact: George Margaronis
Tel: +30 210 458 6700

India

124–125 Rectangle 1
D–4 Saket Business District
New Delhi
110017
India

Contact: Amit Mehta
Tel: +91 11 4777 4444

Italy

Piazza Rossetti 3A
16129 Genoa
Italy

Contact: Massimo Dentice
Tel: +39 0 10 55401

Norway

Godt Haab
Strandveien 50
N–1366 Lysaker
Norway

Contact: Jakob Tolstrup-Møller/ Karl Ekerholt
Tel: + 47 67 10 2300

Singapore

8 Shenton Way
25–01 Temasek Tower
Singapore 068811

Contact: Giles Lane/Ken Michie
Tel: +65 6 339 0036

South Africa

Heron House
33 Wessel Road
Rivonia
Johannesburg 2128
South Africa

Contact: Simon Lester
Tel: +27 11 803 0008

Switzerland

Rue de la Fontaine 1
1204
Geneva
Switzerland

Contact: David Collins
Tel: +41 22 308 9900

United Arab Emirates

Office 2604
Reef Tower
Jumeirah Lakes Towers
Sheikh Zayed Road
Dubai
UAE
PO Box 102929

Contact: Esam Balla
Tel: +971 4 450 9400

Liberty House
c/o Dubai International Financial Center
Office No. 615, 616 & 617
Dubai
UAE

PO Box 506827

Contact: John Sindors
Tel: +971 4 403 7000

USA

Houston

1333 West Loop South
Suite 1525
Houston
Texas 77027
USA

Contact: Roger Horton
Tel: +1 713 235 7400

New York

745 Fifth Avenue
16th Floor
New York
NY 10151
USA

Contact: Magnus Fyhr
Tel: +1 212 796 4400



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www.clarksons.com



CLARKSONS

Clarkson PLC

St. Magnus House
3 Lower Thames Street
London EC3R 6HE
+44 (0) 20 7334 0000

www.clarksons.com