8 MARCH 2012

PRELIMINARY RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011

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

Preliminary results

Clarkson PLC ('Clarksons') today announces preliminary results for the twelve months ended 31 December 2011.

Results for 2011	Year ended 31 December 2011	Year ended 31 December 2010
Revenue	**£194.6m**	£202.6m
Profit before taxation and exceptional item	**£32.2m**	£32.4m
Profit before taxation*	**£35.4m**	£32.4m
Earnings per share*	**134.1p**	125.4p
Dividend per share	**50p**	47p

*After exceptional item

Summary

- Client focus has enabled the group to exceed financial expectations over the course of 2011 despite challenging markets
- Maintained or increased market share in all core broking businesses
- Team Clarksons further enhanced by significant new hires and corporate acquisitions
- Strong balance sheet, with £71.1m of net funds
- Dividend increased for the ninth consecutive year to 50p, a rise of 6.4%

Andi Case, Chief Executive, commented:

"2011 saw an even more difficult and challenging rate environment than 2010 in most shipping markets. Not only did the demand/supply imbalance of the past few years continue, but the market also had to contend with a worsening debt market. Against this backdrop the company performed well, increasing market share in most markets, and benefiting from the breadth of its offering to take advantage of those markets which performed relatively well.

Whilst the prevalence of spot business continued, the company took opportunities as they arose to fix forward business enabling us to start 2012 with a forward order book not dissimilar to the level brought forward in 2011. These results clearly reflect the commitment and hard work of the team, and I would like to thank them all for their efforts.

While the macroeconomic picture will inevitably continue to set the tone for the year ahead, we are confident we have the strategy and balance sheet in place to meet challenges and seize opportunities as they present themselves."

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Chairman's review

2011 has seen some of the most turbulent trading conditions witnessed in the shipping markets for some time. Natural disasters in Japan and Australia in the first half of the year were followed by the European financial crisis and deepening macroeconomic uncertainty.

In these challenging trading conditions the group has delivered an excellent performance, firmly reflecting the strength of Clarksons' strategy. We have continued to leverage our unrivalled breadth and expertise which gives us the capability to offer clients the services and support they require.

This powerful service offer combined with our broad geographic reach has not only enabled us to maintain and grow market share across our broking business wherever possible but has also positioned us to take important steps forward in other areas, such as investment services, where we advised on some of the most significant deals in the sector during the course of the year.

Supported by a strong balance sheet and the cash generative nature of our business, we have taken advantage of organic and acquisitive opportunities to further strengthen our teams and broaden the services offered to our clients. During 2011 these have included significant personnel hires, the acquisitions of Boxton Holding and Bridge Maritime expanding our presence in Scandinavia, and the acquisition of EnShip which further develops our port and agency services to cover Scotland and the offshore market.

Results

Underlying profit before tax of £32.2m was broadly the same as the previous year (2010: £32.4m). After a small increase in the level of taxation incurred by the group, this profit resulted in an underlying earnings per share of 121.5p (2010: 125.4p).

The anticipated fall in operating profit, due to the weaker US dollar and challenging market conditions has been offset by the effects of management decisions over the previous 12 months to reduce financing costs and exit unprofitable business lines.

The settlement of the costs element of litigation previously announced, gave rise to an exceptional credit of £3.2m (2010: £nil).

Dividend

The board is recommending a final dividend of 32p (2010: 30p). The interim dividend was 18p (2010: 17p) giving a total dividend of 50p (2010: 47p). The dividend is covered 2.7 times.

The dividend will be payable on 8 June 2012 to shareholders on the register as at 25 May 2012, subject to shareholder approval.

Board

After more than seven years on the board, Martin Stopford will be standing down from the board with effect from today. On behalf of the board I would like to thank Martin for his unceasing hard work and commitment and his role in building Clarkson Research into a highly successful and strategically important division. We are delighted that Martin will continue as consultant in maritime economics to the group and as president of Clarkson Research Services. There are currently no plans to replace him on the PLC board.

On 10 February 2012, Paul Wogan, non-executive director, resigned from the board of Clarksons. Paul has taken a senior executive position at GasLog, a company in the gas shipping and maritime sector and therefore stepped down immediately to avoid any potential conflict of interest and dedicate himself to his new, full time, executive role. Paul's experience and guidance has been invaluable and on behalf of the board I would like to thank him for his significant contribution to the company.

The board is currently conducting a search for a new non-executive director and an announcement will be made in due course.

Future

We enter 2012 encouraged that the strategy which we have evolved during the last few years is proving itself through the delivery of these results. We have maintained or grown market share in challenging conditions and this, combined with the investments made over the course of the year, position the business well in a still uncertain maritime economic environment.

Bob Benton
Chairman

Chief executive’s review

Strategic positioning

In the last year Clarksons has risen to the challenges of both an extremely tough macroeconomic environment and depressed maritime markets, represented by falling freight rates and reduced asset values in most sectors. Nevertheless, even against a harsh backdrop of difficult trading conditions, opportunities do arise and in 2011 seizing these opportunities became the priority. We believe our ability to optimise our market position lies in the experience provided by our proud heritage and the strategy we have evolved, which puts unbeatable client service at the centre of our offer. Clarksons’ strategy to meet the needs of our clients is underpinned by our people, our global reach, the breadth of our business, market leading technology and an unrivalled research capability. These elements have helped us secure growth in transaction volumes in the last year and take market share, bolstering our already leading position in most of the markets in which we operate. 2011 was characterised by volatility, a weak economic picture, fluctuating exchange rates and the continued imbalance between supply and demand. That Clarksons emerged with broadly similar trading performance is testament to the commitment to and integrity of our strategy.

People are the drivers behind this strategy and, once again, Team Clarksons has delivered superior performance across the board. Hard work and enthusiasm aligned with professionalism have been essential qualities to move our business forward. Market understanding, local and global knowledge combined with a ‘can do’ attitude help service and secure customer relationships.

Our teams achieve best in class performance and Clarksons is committed to maintaining those high standards through training and education. Although we already have the most extensive training programme in the sector, we are committed to continually improve and extend training and education for all levels of the company. We are confident this will continue to raise the bar and deliver the highest standards. I am also delighted to welcome new members to the Clarksons team as we have seized the opportunity in the last year to strengthen our core with a number of key hires complementing both our offer and our geographical reach.

But as well as helping develop skills it is important to give people the right tools to implement them. Our commitment to IT means each department now has the ability to create their own bespoke platform from which to deliver best in class information and service to clients. Research remains core to everything we do and investment has helped drive success, with very good growth in digital sales and a successful launch of offshore products.

Clarksons is a truly international business. Our global footprint, with teams in all major shipping hubs, enables us to be close to our client base and gives us unparalleled insight into markets. During the year we took a major step in expanding our presence in Scandinavia with the acquisitions of Boxton Holding and Bridge Maritime, both Oslo-based shipbroking businesses. Integrating these businesses with our existing Norwegian operation has enabled the enlarged team to significantly expand the offering to clients. Our geographical reach was also enhanced with the acquisition of EnShip, the Aberdeen-based shipping agency and marine industry logistics specialist. That deal also enabled us to broaden our port and agency services to existing and new customers in bulk shipping, offshore and renewable industries.

Not only did these acquisitions improve our offer, they brought with them talented individuals to further bolster Team Clarksons. Our status elsewhere in the world was underlined when we were honoured with the Best Maritime Service Provider accolade at the biennial Singapore International Maritime Awards ceremony. It recognised the efforts made by Clarksons in Singapore to support and improve the local shipping environment, contributing to Singapore’s development as a major port and international maritime centre. It was especially fitting because last year marked the 30th anniversary of Clarksons serving locally the dynamic Asian market.

While the depth and severity of the downturn cannot be predicted, our long experience in these markets has given us the ability to anticipate and respond to change. The actions we took in managing our cost base, exiting non-profitable and non-core businesses and reducing financing costs were done with appropriate timing. Our balance sheet has strengthened considerably in recent years, which gives us both security and the flexibility to seize opportunities as they arise. Our cash generation and the stewardship of that money saw us end the year in a strong position.

We are well aware of the constraints many of our clients are under with the tightening of the financial markets. As part of our continuous push to offer clients better and wider services Clarkson Capital Markets (CCM) is helping our clients find new sources of equity and debt. Indeed the CCM team has closed a number of significant transactions and has continued to secure a number of mandates both alone and in cooperation with our heritage broking business, reinforcing the unity of our strategy.

Current trading and outlook

Our commitment to world class client service, supporting a range of needs with a truly global reach, offers our clients a real market edge and we have benefited from a flight to quality in these difficult times. We believe our unceasing efforts to serve and deliver the right solutions, backed by validation, in depth research and analysis combined with the best teams in our industry, mean we remain the number one choice for clients.

The demand/supply imbalance that I have spoken about consistently for the past three years is still with us in many markets. Consequently the spot markets remain weak reflecting the uncertain short-term outlook. Nevertheless, we have started the year with a similar forward order book to a year ago which again demonstrates our ability to execute opportunities as they arise. Tight shipping finance is likely to continue to constrain clients, but gives us opportunities within our financial division to work with them to meet their needs.

While the macroeconomic picture will inevitably continue to set the tone for the year ahead, we are confident we have the strategy and balance sheet in place to meet challenges and seize the growth opportunities as they present themselves.

Andi Case
Chief executive

Business review

Divisional performance

Strength in depth across our divisions has served us well in a difficult year for the shipping industry. The breadth of our operations not only supports us through volatile conditions, but enables us to provide a fully comprehensive service to clients. In addition, our market leadership position has proved appealing to clients, whose flight to quality in difficult times has helped us grow market share.

Against a backdrop of macroeconomic uncertainty and natural disasters, the demand/supply imbalance of recent years continued and, as a result, the prevalence of spot market trading remained and freight rates were under pressure. However the scale and expertise of Clarksons' broking business meant there were real areas of progress. We were also able to increase our global footprint to better serve clients and make key hires to further enhance our world class team. The skills of our people and the ability to deliver that expertise to clients when and where they want it are major strengths of the company.

Our financial offer is gaining momentum with a range of services and expertise appealing to clients faced with difficult banking markets. The support division has expanded its service with acquisitive and organic growth. Finally, our world leading research and analysis teams not only give us a dynamic business stream but also provide us with an unrivalled depth of knowledge and understanding to underpin the services we offer clients.

Broking

Revenue: US$263.4m (2010: US$261.7m)

Segment result: £35.9m (2010: £41.3m)

Forward order book for 2012: US$91m* (At 31 December 2010 for 2011: US$92m*)

* Directors' best estimates of deliverable FOB

Dry bulk

The dry bulk market experienced contrasting fortunes during 2011.

The capesize sector suffered from both natural disasters and extreme weather conditions in the first half of the year, which combined to disrupt iron ore and coal demand during the period. Average earnings for the sector were further hit by a record number of newbuild deliveries in January. However, during the second half of the year the market recovered dramatically as fleet growth was countered by a return to trade flow.

In contrast the panamax, supramax and handysize market sectors performed relatively strongly, although earnings were at a significant discount to 2010.

For Clarksons, regional consolidation remains an important strategy in the growth of our dry cargo business. We placed particular focus on the Australian and South East Asian markets over the course of the year, significantly strengthening our teams in these regions. Overall, the pleasing growth in our market share achieved by our team continues to mitigate the fall in average earnings within the dry cargo market.

Demand growth remains healthy for raw materials and we expect volatility to remain whilst the market struggles with the continued demand/supply imbalance.

Containers

Despite a healthy 8% growth in global trade volumes in 2011, consistent with the long-term average, revenue growth in the container sector was held back by several factors. These included downward freight rate trends on mainline East-West trades and oversupply, following a large order book delivery, as well as a rapid acceleration in the number of newbuildings in the second half of the year.

Faced with this uncertain picture, the container shipping lines took a more conservative approach in terms of assets with consolidation, rather than expansion, becoming the focus, including the redelivery of timecharter tonnage or reletting surplus owned tonnage.

Against this difficult backdrop the Clarkson team managed a very credible performance. We strengthened our teams in London, Singapore and Shanghai with further hires in these regions expected this year which assisted the division in winning significant new clients in 2011. As and when the rates and values recover we are well placed to participate in any renewed activity. With a sector averaging long-term growth of around 8% the container industry is well able to recover faster than might be expected, and whilst today we still see the effects of the 2008 crash and the tail end of the building spree which still needs financing in many cases, this hangover will not last forever.

Deep sea

The deep sea tanker market in 2011 continued to be extremely challenging. Nearly all market sector earnings for owners were appreciably down. The VLCCs, the largest crude oil carrying vessels, were hit particularly hard with a 55% collapse in their average daily earnings with VLCC rates giving returns of less than US$20,000 per day in 2011. The suezmax and aframax markets also came under immense pressure with rates down 39% and 27% respectively.

Crude freight rates continue to suffer the perfect storm of tonnage oversupply and a weak global economy. However, Clarksons' deep sea business has proved very robust and has maintained its pre-eminent position across the whole crude market sector and grown market share wherever possible.

The market for ships carrying refined oil products has been equally challenging with the exception of the medium range market which showed a small 3% increase in earnings.

The tanker market has also had to contend with the impact of the Arab Spring which saw disruption to oil supplies, affecting Libya in particular. The market has also been impacted with ongoing sanctions against Iran which seem set to be strengthened further. The Clarksons deep sea team has continued to expand globally, with all five centres, London, Singapore, Houston, Geneva and India, able to offer an unparalleled service and market coverage. We believe our teams are well placed to take advantage of any market improvement.

2012 may prove to be a challenging year, with heightened Middle East tensions, however, the outlook is more positive in some of the Far Eastern economies, with China very much at the forefront with ever greater energy requirements. Although India is a less industrial economy, potential for growth there remains strong. Significant changes in refining capacity and location will have an impact on trade flows within the deep sea market in 2012 and beyond. In difficult market conditions many of our clients are demanding ever more added value service and, following the investments made in this area of our business, we are well placed to meet the greater demands of the deep sea tanker client base.

Specialised products

The Clarksons specialised products team entered 2011 in a strong position, but aware the year ahead would be challenging for all market participants. General global uncertainty had created a widespread pessimism within the shipping industry and specialised products felt these effects during the year, despite some respite created by the long-term contractual nature of the business.

Set against this challenging backdrop, an overcapacity of tonnage remained throughout 2011 preventing any sustained recovery in freight markets. As we enter 2012 we are finally seeing a dwindling in the impact upon freight rates of oversupply, encouraged by a further reduction in the newbuilding programme due to high cost barriers and continued scrapping of vessels.

With the backdrop of tapering demand, some emerging markets did contradict the trend by increasing global and regional demand within the specialised sector. Some important highlights in the final quarter of 2011 were quarter-on-quarter spot rate increases on the Houston-Far East and Rotterdam-Far East routes seemingly driven by China's desire to boost inventory levels prior to their New Year celebrations and US exporters' requirement to ship volumes by year-end for tax purposes.

Clarksons' specialised products team work closely together across seven key international locations. Over the course of the year the team increased market share by continuing with a strategy of regional growth and further developing our relationships with existing and potential clients through our extensive and high value service offer.

Petrochemical gases and small LPG

The market witnessed strong trading conditions across the petrochemical sector in the first half of the year, before starting to soften from Q3 through to the year end, as margins came under pressure and cracker utilisation levels were reduced. Volumes of seaborne petrochemical gases were down year-on-year, as expected, although to a lesser extent than predicted. However, the market was supported by fairly static fleet supply and longer haul movements generated by the stoppage of Libyan exports and maintenance at the Targa terminal in Houston, which lowered US ethylene exports. This, in turn, gave support to additional sea tonne-miles and consequently helped to underpin freight levels.

With demand for polymers tapering off, producers have reduced cracker production levels taking liquidity out of the market. This has resulted in more challenging trading conditions. Seaborne petrochemical gases are expected to reduce yet again this year as downstream plants come online. This is combined with additional shipping capacity entering the market and the potential return of production from regional plants which will impact tonne-miles.

By nature the market is characterised by a high level of term coverage, giving protection to both owners and charterers during respective market challenges.

The petrochemical gas and coastal desk expanded their team in 2011 enabling them to increase their client base despite deteriorating market conditions as the year lapsed.

Gas

As we predicted a year ago, gas shipping markets showed general improvement in 2011 having endured several difficult years, particularly for the VLGC sector, which had a vigorous upturn in the second half of the year after an uninspiring start. Rates made a strong recovery following the Japan disaster which, in turn, created a spike in LNG demand and an increase in associated LPG volumes available for export from Qatar. Similarly, Saudi Arabia boosted crude exports in response to the Libyan crisis and this, together with some domestic technical issues, caused them to increase associated LPG exports. Tonne-mile demand was then further enhanced by a wave of longer haul movements from the Middle East into the West as a result of which owners were able push rates upwards. Rates, however, weakened considerably again towards the end of the year.

Smaller sectors (LGC, MGC, handysize) also fared well thanks to growth in ammonia volumes moved by sea, augmented by additional tonne-mile trading patterns and the improved LPG and petrochemical gas trades across the various size ranges. The Clarksons teams gained market share, particularly in our LPG commodity and derivative brokerages where trading was particularly challenging.

Of particular note in 2011 was Clarksons' decision to bring the gas and LNG activities closer together, benefiting from several synergies and common customers. Whilst the LNG activity has gone through considerable structural change much was achieved and the sector was able to make inroads against our competitors which we expect to continue in 2012. Both the gas and LNG teams were further strengthened with new hires and we have expanded our activity with broking in Singapore where there will be further growth in 2012.

The outlook for gas remains positive in 2012, potentially on a par or slightly better than 2011 in terms of volumes traded. Regardless of what transpires, we are well placed to further increase our market share thanks to the importance we have placed on covering virtually every gas-related activity, from derivative to asset, strongly supported by dedicated analysts and operations staff. Overall the Clarksons gas team can report a very pleasing year with substantial growth both in number of deals and market share.

Sale and purchase

Secondhand

Despite a challenging trading backdrop, with lack of industry finance and sharply falling prices in many markets, Clarksons' sale and purchase team delivered a strong performance, by producing a consistent result on the previous year.

Whilst our largest commitment remains in the larger fleets of the dry and deep sea tanker sectors, the company has expanded the focus and expertise across the group in order to deliver a highly focused service to all our clients in the freight markets. This has begun to bear fruit, most notably in the container, gas, and offshore markets but also for 2012 we have expanded our team in the specialised tanker sector.

Whilst overall transactional liquidity is significantly down in the market, we have increased the number of sales of older tonnage, including demolition, and this team is due to expand further in 2012. The overall performance of secondhand is in part down to the team's ability to also close some of the more significant transactions of the year. Teaming up with our financial division has added a further piece to the service provided and together the teams have worked well to close a number of transactions including a major fleet transaction.

Whilst it is generally accepted that 2012 is going to be tough for the shipping markets due to the continued oversupply of vessels, we anticipate the downturn will continue to put downward pressure on prices which have now returned to more historic levels, which some clients see an opportunity to buy tonnage at a sensible level in order to position themselves well for a turnaround on freight.

We feel well placed to assist such clients and at the same time feel confident of being able to benefit from the undoubted increase in the sale of older assets and demolition activity that invariably accompanies a depressed freight market.

Offshore

2011 saw a steady improvement on the chartering side across all sectors of the offshore market with utilisation continuing on an upward trend. This in turn has led to a slow increase in charter rates and we anticipate 2012 to continue along the same vein.

Clarksons' offshore team has taken advantage of the optimism that we are at the beginning of an upward cycle for offshore and have had considerable success in the newbuilding market on both the drilling and vessel sides driven by our dedicated teams in Houston and London. This success is in an area where we intend to continue to strengthen our dominance for 2012. With regards to the sale and purchase part of the market, we have grown our teams in Singapore and London and in a very illiquid market have managed to finalise a significant portion of the competitive business that was available in 2011. Our dedicated supply vessel chartering teams in Aberdeen and Singapore have also grown, not just in terms of personnel, but also revenue and have been successfully fixing vessels on behalf of a number of major clients. We fully expect revenue to increase in 2012 as we not only increase market share, but also see charter rates steadily improve.

Newbuilding

Following very low additions to the order book in 2009, 2010 saw some recovery in orders at lower levels. As 2011 got going, the onset of a deepening eurozone crisis and the increased stress from a banking system that was arranging finance for a large order book still to deliver, created a sudden change in the environment, and the year ended with the global order book again lower than that of 2010. However, some areas of business were more positive and, where they were, Clarksons managed to secure some significant transactions in sectors including the higher value offshore and gas markets.

2012 will remain challenging for shipyards, and this will lead to some opportunities. Through our strong client base we believe we are well placed to take full advantage of these opportunities.

Financial

Revenue: US$19.5m (2010: US$17.3m)
Segment result: £2.3m loss (2010: £4.3m loss)
Forward order book for 2012: US$1m* (At 31 December 2010 for 2011: US$3m*)
* Directors' best estimates of deliverable FOB

Futures broking

Against a backdrop of lower market values and a 5% reduction in volumes in the dry bulk FFA business, Clarkson Securities has continued to perform well, having increased market share and reduced its costs.

Despite early 2012 market values falling in a very similar pattern to 2011, we are confident that we have the teams in place to take advantage of the activity levels that this volatile market will continue to produce.

We aim to move our Asian team from Hong Kong to Singapore and Shanghai in Q2 to further grow our share of the iron ore sector and to service the increasing appetite amongst our Asian dry clients for trading within the Asian daytime.

Financial services

At the start of 2011 there was a certain amount of optimism in the banking markets and there appeared to be green shoots of recovery with a return to increased activity. However, this was brought to an abrupt halt at the end of summer as the European banking crisis intensified.

Financing for ship lending is predominantly driven by European banks. A number of these banks are now exiting shipping or downsizing their operations and this will again change the landscape of ship finance. Whilst the latter part of 2011 was therefore challenging in the banking markets and ship finance remains tight, this adversity has created a number of opportunities for those in a position to take advantage.

For Clarksons, the measures taken in 2010 in respect of reshaping our team has paid dividends, resulting in the closing of a number of high profile debt transactions during the course of 2011. The team is now integrated into the broader Clarksons business, supporting many of the activities across our broking businesses and adding value to our broader client base.

Investment services

2011 was a year of strong momentum for Clarkson Capital Markets (CCM). With existing offices in Dubai, Houston and London, CCM recently opened its office in New York and is now a registered broker dealer with the Financial Services Regulatory Authority (FINRA) in the United States. The team has worked on a number of mandates during the course of the year including the appointment as adviser to CIDO Tanker Holding to advise on the sale of a fleet of product tankers to Diamond S, as well as primary and secondary fundraisings.

Although the global equity and debt markets continue to be challenging for the maritime sector, CCM is cautiously optimistic that its commitment to the global oil services market will result in successful financings in 2012, particularly in the high yield debt market. Moreover, CCM has a strong backlog of advisory assignments with several sovereign wealth funds and private equity funds, which, coupled with beneficial integration with other divisions of Clarksons, should result in several successful mandates.

CCM also issues investment research on a number of quoted shipping and oil service companies. This is likely to expand together with broking research to give the most informed view available in the sector.

Support

Revenue: £10.8m (2010: £14.8m)
Segment result: £1.7m (2010: £0.5m)

Port services

Stevedoring

The performance of the stevedoring business in Ipswich continued to exceed expectations during 2011. Grain volumes held up better than initially predicted over the first six months of the year, followed by a good harvest bolstering the tonnages for the second half.

The business continues to expand its customer base, with support from the majority of grain exporters in the UK. Grain volumes look set to hold up well in the first half of the coming year and, although harvest volumes are impossible to predict, the store remains well placed and equipped to take advantage of any opportunities that arise.

Agency

The agency business suffered from low grain volumes during the first half of the year and the loss of one client from the offshore renewables business following their failure at the end of 2010. However, the grain business picked up significantly in the second half of the year following a successful harvest, and the indications are that volumes should continue to hold up into 2012 towards the next harvest.

In the offshore renewables sector, Clarkson Port Services (CPS) increased market share, representing projects on three of the major UK wind farm developments. The customer base has increased markedly, thereby reducing debt exposure to individual customers.

Over the course of 2011, the group acquired EnShip, which provides the ability to offer agency services throughout Scotland, and adds a valuable link between the offshore oil and gas sector and the offshore renewables sector, which CPS have been working to develop.

The CPS Tyne office opened at the beginning of December. The office has enjoyed support from existing customers, and is already involved in the grain and offshore business in addition to the Drax coal import business.

Property services

Also included within the support segment are the revenues and profits derived from property services. Clarkson PLC holds the head lease of St. Magnus House in Lower Thames Street, London EC3, with an unexpired term of three years. Clarksons occupies 32% of the available space, with the remainder sublet on full commercial rents. Clarkson PLC also owns the freehold of Hamilton Barr House in Godalming, which is also let on a full commercial rent.

Research

Revenue: £8.1m (2010: £7.0m)
Segment result: £2.0m (2010: £1.5m)

Despite the difficult market, research revenues grew briskly during 2011, reaching £8.1m (2010: £7.0m). This continued growth was helped by the successful re-launch of the offshore research business. During the year a range of new products were marketed, including Offshore Intelligence Monthly, a series of offshore structures registers, another series of oilfield directories, and a range of oilfield maps published digitally from the Clarkson global offshore geographic information system database.

Clarkson Research Services (CRSL) focuses primarily on the collection, validation, analysis and management of data about the merchant shipping and offshore markets, though in recent years the provision of customer service contracts to a range of large corporate and institutional customers in the shipping market has provided an important source of value-added. With extensive databases using the latest information management technology, CRSL is now established as one of a very small number of leading information providers to the shipping and offshore markets.

CRSL derived its income from the following principal sources:

Digital sales

Database product sales continued to grow, benefiting from the expansion of Shipping Intelligence Network sales. This was supplemented by the World Fleet Register which is now well established as an authoritative source of information on the world merchant fleet. During 2011 revenues were up by 17% on the previous year.

Registers, directories and periodicals

CRSL produces weekly, monthly and quarterly publications, available both in print and online, plus a range of registers and directories covering the shipping market. In addition the investment in the offshore database produced a range of new offshore registers, directories and maps. Overall hard copy sales, including advertising, increased by 5.5% and when digital distribution of these books and periodicals is taken into account, global distribution continues to grow. Shipping Intelligence Weekly, our flagship product, marked its 20th anniversary in 2011 and remains as popular as ever.

Customer services

A specialist team concentrates on bespoke research for banks, shipyards, engineering companies, insurers and other corporates, including ship valuations. In recent years this has become a significant growth area, and in 2011 sales, including valuations and offshore research services, increased by 12%.

Offshore products

The launch was well timed to coincide with an active offshore oil investment market and offshore sales increased by 29% during the year.

Financial review

Profit before tax (before exceptional item): £32.2m (2010: £32.4m)
Basic EPS (before exceptional item): 121.5p (2010: 125.4p)
Basic EPS (after exceptional item): 134.1p (2010: 125.4p)

Overview

At the beginning of 2011, expectations were that profit before tax would be lower than 2010, reflecting a reduced forward order book for invoicing in 2011 and £2m of one-off items adding to profit in 2010. Against this background, to have produced profit before tax and exceptionals in 2011 of £32.2m (2010: £32.4m) is a pleasing result for the business.

The actions taken over the past 18 months including the reduction of financing costs and exit from certain non-profitable businesses, turned out to be timely, offsetting in part the fall in operating profit that came from lower freight rates and a worsening USD:GBP exchange rate.

During the year, the group recovered £3.2m of legal fees previously expensed (2010: £nil). This amount has been treated as an exceptional item.

It is also important to note that underlying profit before tax includes the impact from recovery of some long outstanding debts which had been fully provided for amounting to £0.7m, exchange gains previously recorded in the currency translation reserve of £0.8m and an IAS 19 pension credit of £1.2m. All of these items are one-off in nature, and will therefore not recur in 2012.

Taxation

The group's effective tax rate in 2011 was 29.5%, an increase from the 27.5% rate incurred in the previous year. This increase reflects a greater overall proportion of profits being generated in higher tax rate jurisdictions, and a bigger impact from non-deductible expenses.

Earnings per share (EPS)

Basic EPS before exceptional was 121.5p (2010: 125.4p). After the exceptional item the basic EPS was 134.1p (2010: 125.4p).

Dividends

The board is recommending a final dividend of 32p (2010: 30p). The interim dividend was 18p (2010: 17p) which, subject to shareholder approval, would give a total dividend of 50p (2010: 47p). In taking its decision, the board took into consideration the 2011 performance, the strength of the group's balance sheet and its ability to generate cash and the forward order book. The dividend is covered 2.7 times by basic EPS.

Acquisitions

In November 2011 Clarkson Port Services acquired EnShip Limited, an Aberdeen-based shipping agency and marine industry logistics specialist. In December 2011 Clarkson Norway acquired Boxton Holding AS and Bridge Maritime AS, both Oslo-based shipbroking businesses with extensive experience in sale and purchase, newbuilding, leasing and project broking across all shipping markets. These acquisitions gave rise to an increase in goodwill and intangibles of £7.7m.

Recent amendments to accounting standards under IFRS have meant that elements of the deferred consideration are to be deducted from reported profits as an employee cost, on the basis that this is linked to continued employment within the group. No amount was charged to the income statement in 2011. It is estimated that the 2012 charge, which will be treated as an exceptional item, will be £1.1m. Additionally, in 2012 there will be a charge for the amortisation of intangibles acquired amounting to £0.5m.

Cash and borrowings

The group remains cash generative, after the increased levels of tax, dividend and cash required for working capital. During the year, bank borrowings were repaid in full, the remaining seed capital previously assigned to our hedge fund activity was realised and three acquisitions were made. The group ended the year with cash balances of £132.9m (2010: £176.3m). During 2012 cash payments relating to 2011 will be made including performance-related bonuses. After deducting these items, net cash and available funds amounted to £71.1m (2010: £62.5m, after deducting the borrowings). The group maintains a multicurrency revolving credit facility of £25m; there are no current plans to draw down on this facility.

Balance sheet

Net assets at 31 December 2011 were £123.3m (2010: £116.4m). There has been a further improvement in the quality of the balance sheet whereby, before pension provisions, the group had £68.3m of net current assets and investments less non-current liabilities as at the end of 2011 (2010: £62.9m).

A detailed review of our businesses has demonstrated no need for an impairment charge in 2011.

The group's pension schemes have a combined liability before deferred tax of £6.6m (2010: £0.8m). Increases in pension investment returns only partially offset the effects on the liabilities of reduced discount rates.

Risk management

Credit risk

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

Liquidity risk

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

Foreign exchange risk

The major trading currency of the group is the US dollar. Movements in the US dollar relative to other currencies, particularly sterling, have the potential to impact the results of the group both in terms of operating results and the revaluation of the balance sheet.

The group assesses the rate of exchange and non-sterling balances held continually, and has predominantly sold in the spot market during 2011, though some forward cover for 2012 and 2013 has been taken.

Interest rate risk

During the year, all drawn down facilities were repaid and consequently, there is, at the date of this report, no requirement to cover interest costs.

Reputational risk

The group has built an enviable reputation in the market over the past 160 years, and relies upon this to attract business from all major participants in its markets. Clarksons protects against reputational risks by promoting an ethical work environment and providing training programmes where appropriate. The investment in compliance, quality assurance and legal functions also act to ensure that best practices are put in place throughout the group.

Operational risk

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

Jeff Woyda
Finance director

Statement of directors' responsibilities

The statement of directors' responsibilities below has been prepared in connection with the company's full Annual Report for the year ended 31 December 2011. Certain parts of the Annual Report have not been included in this announcement as set out in note 1 of the financial information.

We confirm to the best of our knowledge:

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

• the business and financial reviews include a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement was approved by the board of directors on 7 March 2012 and is signed on its behalf by:

Bob Benton
Chairman

Consolidated income statement

For the year ended 31 December

Continuing operations	2011 Before exceptional item £m	2011 Exceptional item £m	2011 After exceptional item £m	2010 £m
Revenue	**194.6**	**-**	**194.6**	202.6
Cost of sales	**(3.4)**	**-**	**(3.4)**	(8.0)
Trading profit	**191.2**	**-**	**191.2**	194.6
Administrative expenses	**(161.0)**	**3.2**	**(157.8)**	(160.1)
Operating profit	**30.2**	**3.2**	**33.4**	34.5
Finance revenue	**1.0**	**-**	**1.0**	0.8
Finance costs	**(0.2)**	**-**	**(0.2)**	(3.3)
Other finance revenue – pensions	**1.2**	**-**	**1.2**	0.4
Profit before taxation	**32.2**	**3.2**	**35.4**	32.4
Taxation	**(9.5)**	**(0.8)**	**(10.3)**	(8.9)
Profit for the year	**22.7**	**2.4**	**25.1**	23.5
Attributable to:				
Equity holders of the parent	**22.7**	**2.4**	**25.1**	23.5
Earnings per share				
Basic	**121.5p**		**134.1p**	125.4p
Diluted	**120.3p**		**132.8p**	124.7p

Consolidated statement of comprehensive income

For the year ended 31 December

	2011 £m	2010 £m
Profit for the year	**25.1**	23.5
Other comprehensive income:		
Actuarial (loss)/gain on employee benefits – net of tax	**(7.3)**	2.9
Foreign exchange differences on retranslation of foreign operations	**(0.9)**	0.3
Foreign currency hedge – net of tax	**(0.7)**	(1.1)
Total comprehensive income for the year	**16.2**	25.6
Total comprehensive income attributable to:		
Equity holders of the parent	**16.2**	25.6

Consolidated balance sheet

As at 31 December

	2011 £m	2010 £m
Non-current assets		
Property, plant and equipment	**8.4**	8.7
Investment property	**0.4**	0.4
Intangible assets	**40.3**	32.7
Trade and other receivables	**0.4**	0.5
Investments	**1.9**	1.8
Deferred tax asset	**12.1**	12.0
	63.5	56.1
Current assets		
Trade and other receivables	**37.5**	28.4
Income tax receivable	**0.6**	0.5
Investments	**-**	11.4
Cash and cash equivalents	**132.9**	176.3
	171.0	216.6
Current liabilities		
Interest-bearing loans and borrowings	**-**	(44.0)
Trade and other payables	**(95.5)**	(100.3)
Income tax payable	**(4.2)**	(5.3)
Provisions	**(0.2)**	(0.3)
	(99.9)	(149.9)
Net current assets	**71.1**	66.7
Non-current liabilities		
Trade and other payables	**(1.2)**	(1.1)
Provisions	**(1.6)**	(1.4)
Employee benefits	**(6.6)**	(0.8)
Deferred tax liability	**(1.9)**	(3.1)
	(11.3)	(6.4)
Net assets	**123.3**	116.4
Capital and reserves		
Share capital	**4.7**	4.7
Other reserves	**37.5**	40.0
Retained earnings	**81.1**	71.7
Clarkson PLC group shareholders' equity	**123.3**	116.4

Consolidated statement of changes in equity

For the year ended 31 December

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

	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2010	4.7	40.6	51.5	96.8
Profit for the year	-	-	23.5	23.5
Other comprehensive income:				
Actuarial gain on employee benefit schemes – net of tax	-	-	2.9	2.9
Foreign exchange differences on retranslation of foreign operations	-	0.3	-	0.3
Foreign currency hedge – net of tax	-	(1.1)	-	(1.1)
Total comprehensive (expense)/income for the year	-	(0.8)	26.4	25.6
Transactions with owners:				
Net ESOP shares utilised	-	1.4	-	1.4
Share-based payments	-	(1.2)	(0.1)	(1.3)
Tax on other employee benefits	-	-	2.2	2.2
Dividend paid	-	-	(8.3)	(8.3)
	-	0.2	(6.2)	(6.0)
Balance at 31 December 2010	4.7	40.0	71.7	116.4

Consolidated cash flow statement
For the year ended 31 December

	2011 £m	2010 £m
Cash flows from operating activities		
Profit before tax	**35.4**	32.4
Adjustments for:		
Foreign exchange differences	**(3.2)**	(1.5)
Depreciation of property, plant and equipment	**2.3**	2.9
Share-based payment expense	**1.1**	1.2
Loss on sale of property, plant and equipment	**0.1**	-
Impairment of investments	**-**	0.6
Difference between ordinary pension contributions paid and amount recognised in the income statement	**(2.9)**	(1.6)
Finance revenue	**(1.0)**	(0.8)
Finance costs	**0.2**	3.3
Other finance revenue – pensions	**(1.2)**	(0.4)
(Increase)/decrease in trade and other receivables	**(3.9)**	0.3
(Decrease)/increase in bonus accrual	**(7.3)**	13.6
Decrease in trade and other payables	**(1.6)**	(1.9)
Increase in provisions	**0.1**	0.3
Cash generated from operations	**18.1**	48.4
Income tax paid	**(10.9)**	(6.1)
Net cash flow from operating activities	**7.2**	42.3
Cash flows from investing activities		
Interest received	**0.5**	0.4
Purchase of property, plant and equipment	**(2.3)**	(1.3)
Proceeds from sale of property, plant and equipment	**0.4**	4.6
Proceeds from sale of investments	**10.7**	-
Acquisition of subsidiaries	**(8.7)**	-
Cash acquired on acquisitions	**1.8**	-
Dividends received from associates and joint ventures	**-**	0.1
Dividends received from investments	**0.5**	0.4
Net cash flow from investing activities	**2.9**	4.2
Cash flows from financing activities		
Interest paid	**(0.2)**	(1.6)
Dividend paid	**(9.0)**	(8.3)
Repayments of borrowings	**(43.6)**	(4.7)
ESOP shares acquired	**(1.5)**	-
Net cash flow from financing activities	**(54.3)**	(14.6)
Net (decrease)/increase in cash and cash equivalents	**(44.2)**	31.9
Cash and cash equivalents at 1 January	**176.3**	143.2
Net foreign exchange differences	**0.8**	1.2
Cash and cash equivalents at 31 December	**132.9**	176.3

Notes to the preliminary financial statements

1 General information

The preliminary financial information (financial information) set out in this announcement does not constitute the consolidated statutory accounts for the years ended 31 December 2010 and 2011, but is derived from those accounts. Statutory accounts for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the company's Annual General Meeting. External auditors have reported on the accounts for 2010 and 2011; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

2 Accounting policies

The financial information set out in this announcement is based on the consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the European Union and complies with the disclosure requirements of the Listing Rules of the UK Financial Services Authority. The financial information is in accordance with the accounting policies set out in the 2010 financial statements.

3 Segmental information

Segmental information on continuing operations for revenue and results is as follows:

Business segments	Revenue		Results	
	2011	2010	**2011**	2010
	£m	£m	**£m**	£m
Broking	**163.6**	169.6	**35.9**	41.3
Financial	**12.1**	11.2	**(2.3)**	(4.3)
Support	**13.9**	18.0	**1.7**	0.5
Research	**8.1**	7.0	**2.0**	1.5
	197.7	205.8		
Less property services revenue arising within the group, included under Support	**(3.1)**	(3.2)		
Segment revenue/results	**194.6**	202.6	**37.3**	39.0
Head office costs			**(7.1)**	(4.5)
Operating profit before exceptional item			**30.2**	34.5
Exceptional item			**3.2**	-
Operating profit after exceptional item			**33.4**	34.5
Finance revenue			**1.0**	0.8
Finance costs			**(0.2)**	(3.3)
Other finance revenue - pensions			**1.2**	0.4
Profit before taxation			**35.4**	32.4
Taxation			**(10.3)**	(8.9)
Profit after taxation			**25.1**	23.5

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.

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

5 Taxation

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

	2011 £m	2010 £m
Continuing operations:		
Accounting profit at UK average standard rate of corporation tax of 26.5% (2010: 28%)	**9.4**	9.1
Expenses not deductible for tax purposes	**1.7**	1.6
Other adjustments	**(0.8)**	(1.8)
Total tax charge in the income statement	**10.3**	8.9

6 Earnings per share

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

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

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

	2011 £m	2010 £m
Net profit attributable to ordinary equity holders of the parent	**25.1**	23.5

	2011 Number Millions	2010 Number Millions
Weighted average number of ordinary shares	**18.7**	18.7
Diluted weighted average number of ordinary shares	**18.8**	18.8

7 Dividends

The board is recommending a final dividend of 32p (2010: 30p), giving a total dividend of 50p (2010: 47p). This final dividend will be payable on 8 June 2012 to shareholders on the register at the close of business on 25 May 2012, subject to shareholder approval.

8 Intangible assets

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

9 Investments

During the year, the company redeemed its investments in the Clarkson hedge funds (2010: £11.4m).

10 Employee benefits

The company operates two defined benefit schemes: the Clarkson PLC scheme and the Plowrights scheme.

As at 31 December 2011 the Clarkson PLC scheme had a deficit of £4.1m (2010: £0.4m surplus). This amount is included in full on the balance sheet as a non-current liability; deferred tax of £1.0m (2010: £0.1m) has been provided on this amount. The market value of the assets was £107.5m (2010: £106.4m) and independent actuaries have assessed the present value of the funded obligations at £111.6m (2010: £106.0m).

As at 31 December 2011 the Plowrights scheme had a surplus of £1.1m (2010: £1.2m deficit). The 2011 surplus is 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. The 2010 deficit was recognised in full on the balance sheet as a non-current liability. Deferred tax was provided on the 2010 deficit amounting to £0.3m. The market value of the assets was £30.5m (2010: £25.5m) and independent actuaries have assessed the present value of the funded obligations at £29.4m (2010: £26.7m).

Triennial valuations for both schemes were prepared on the position as at 31 March 2010. This resulted in a minimum funding requirement on both schemes. Under IFRIC 14, the minimum funding requirement on the Plowrights scheme of £2.5m has been recognised as a non-current liability on the balance sheet. Deferred tax of £0.7m has been provided on this liability.

11 Analysis of cash and borrowings

	31 December 2010 £m	Cash flow £m	Foreign exchange differences £m	31 December 2011 £m
Cash and cash equivalents	**176.3**	**(44.2)**	**0.8**	**132.9**
Current interest-bearing loans and borrowings	**(44.0)**	**43.6**	**0.4**	**-**
	132.3	**(0.6)**	**1.2**	**132.9**

Due to the high level of cash generation in the business, all outstanding bank borrowings were repaid in full in February 2011. At the same time, the multicurrency revolving credit facility was reduced from £50m to £25m, and renewed for a term of three years. There are no current plans to draw down on this facility.

12 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.